



Administrative Procedure: Donations

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Definitions

1. **Charitable Donation** - a voluntary transfer of property or cash without valuable consideration being received by the donor. Generally a donation (gift) is made if all three of the conditions listed below are satisfied:
 - a. Property or cash is transferred by a donor to the Board;
 - b. The donation is voluntary; and
 - c. The donation is made without expectation of a return, and there is no benefit of any kind that may be provided to the donor or to anyone designated by the donor.
2. **Gifts in Kind** - a donation other than cash. It can be real property (eg. real estate, securities), personal property (eg. computer, equipment, books, furniture) or

intangible property (eg. patents, license). However, a gift of service is not a gift in kind that is eligible for a charitable receipt.

3. **Fair Market Value** - generally accepted as the highest price, expressed in terms of money, that the property would bring in an open and unrestricted market between a willing buyer and a willing seller, both of whom are knowledgeable, informed, and prudent and, who are acting independently of each other.

Registered Charity Status

1. The Board has been issued a Registered Charity Number which can be used to provide official receipts for income tax purposes for donations of cash, supplies and equipment for educational purposes.
2. A receipt cannot be issued if the proceeds are not for use by the Superior North Catholic District School Board or one of its schools.
3. In order to qualify as an issuer of charitable receipts, the Board must have a system established to record the transaction which satisfies Canada Revenue Agency requirements. This is accomplished by centralizing the recording and issuing of receipts at the board office and by having the donations deposited into the Board's current bank account. Canada Revenue Agency also requires the annual filing of an information return detailing donations, receipts issued and expenditures of the charity. The use of a central bank account and the issuance of receipts centrally simplifies this task and ensures the accuracy of the return.

Donations

1. Donations made to the Board can be subject to general direction (e.g. to the benefit of a specific school) but cannot be directed to the benefit of a specific individual.
2. For donations of gifts in kind, the Board may issue a charitable donation receipt stating the fair market value of the donation once the object has been appraised.
 - a. For new items, the donation receipt will be for an amount equal to the original invoice amount less tax.
 - b. For used items, the amount of the donation receipt will be based on the appraised fair market value of the item. The person who determines the fair market value of the property must be independent of the transaction, competent and qualified to evaluate the particular property being transferred by way of a donation. They must also put their evaluation in writing.

- c. In issuing tax receipts where the donation is a gift in kind, the receipt must include the amount that is the fair market value of the property at the time the gift was made.
 - d. An agreement should be made between the school and donor with respect to who pays the cost, if any, of the appraisal.
 - e. For gifts worth less than \$1,000 a qualified employee of the charity can appraise the value of the donation.
 3. Property of little value will not qualify as a gift in kind. Used clothing would be an example of a non-qualifying donation. Certain types of payments made to charities do not normally qualify as donations, and are not deductible for income tax purposes. Accordingly 'official receipts' bearing a charity's registration number must not be issued for such payments. These payments include:
 - a. Payments for membership that convey an advantage of material character to the member (the right to vote at meetings and to receive financial statements and reports on the activities of the charity is not considered to be a material advantage).
 - b. Tuition fees (except as permitted by Information Circular 75-23) or other payments for which any right, privilege, benefit or advantage may accrue to the donor.
 - c. Amounts received by loose collection, i.e. where a particular donor cannot be identified as having made a particular donation.
 - d. Donations of services where the donor requests that, instead of payment for the service, he/she be supplied with a donation receipt for the value of the service rendered (it should be noted that it is acceptable for a person who has been paid for services rendered to then make a monetary donation for which a receipt can be issued).
 - e. A donation of merchandise that is stock in trade for the donor or is otherwise an expense of business.
 - f. Donations of old clothes, furniture, home baking, hobby crafts, etc. An exception may be made for articles of unusually high value.
 - g. Amounts paid for admission to concerts, dinners, and similar fund-raising functions, except to the extent permitted by the Canada Revenue Agency.
 - h. Any portion of the purchase price of a lottery ticket, despite the fact that the lottery proceeds accrue to one or more charities.

Gift Certificates

1. A donation receipt cannot be issued to a company/individual who issues a gift certificate for use in auctions, raffles and other fundraising activities. It is acceptable, however, to buy the gift certificate from the individual/company and

then have the company/individual donate the value of the certificate back to the school. In this case, an exchange of cheques (school to business and business to school) is required.

2. An individual who buys a gift certificate from a company and then donates the certificate to the Board may receive a donation receipt for the value of the certificate, upon presentation of the original invoice/receipt from the company from which the gift certificate was purchased.
3. Before indicating that a tax receipt will be issued, the Principal must contact the board office to assess whether the activity qualifies for charitable donation receipts
4. Note that all donations of cash or gifts in kind become the property of the Board. Once a donation receipt has been issued, items may not be returned to a donor if he/she subsequently changes their mind about the donation.

Process

1. Forward the cash or cheque to the Manager of Finance at the board office. Cheques should be made payable to 'Superior North Catholic District School Board'. Include the full name (including middle initial) and address of the donor, the date of the donation, the amount and the purpose of the donation if specified by the donor.
2. The cash or cheque will be deposited into the Board's main current bank account.
3. The business office will prepare the charitable receipt for mailing directly to the donor.
4. If the donation is specified for a particular use at one school, a cheque in the amount of the donation will be forwarded from the board office to the school to use for the specified purpose.
5. If funds are maintained at the system level, any funds not spent at year-end will be deferred and moved into the following year.
6. If funds are disbursed directly from the board office, any expenses in excess of the donation revenue will be charged against the school budget.
7. If the donation is to be used for student awards, forward a list of recipients to the Manager of Finance along with the cheque(s) for deposit. Cheques will be issued from the board office directly to the students.
8. Any fundraising events with expectations of charitable receipts must be discussed with the Manager of Finance during the early planning stages of the event.
9. When gifts in kind are received, full details should be provided to the Manager of Finance promptly.

Inducements

The general rule that no benefit of any kind may be made available to the donor does not include items of little or no value. For example, the school may wish to give the donor a small token as a gesture of appreciation. These items (e.g. a single flower, a pamphlet, a plastic pin, tag, envelope seals) have no resale value, and accordingly, such inducements are to be ignored; they do not disqualify the donation. However, an amount paid for chocolate bars, cookies, etc. is not a gift.

Charitable Donation Receipts

1. The date of donation is the date that the donor transfers legal ownership to the Board.
2. There are no regulations requiring the issuance of charitable donation receipts within a particular time frame; but it is suggested that they be issued at least by the last day of February following the calendar year when the donation was made. The more important date is the date of the donation. Donations received after the end of the year may not be added to the prior year=s donations unless the donation was postmarked in the previous year.
3. Charitable donation receipts will be mailed directly to the donor by the board office.
4. Charitable donation receipts will be issued for donations that are equal to or exceed \$25.00. Receipts for amounts less than \$25.00 will be issued only upon request.

Trust Funds

Trust funds established for student awards and other purposes must be held by the Board and cannot be part of school or school council funds. The Manager of Finance should be contacted for more information on establishing these funds.