

<b>Procedure Title</b>	<b>Charitable Donations and Receipts</b>		
<b>Date of Issue</b>	February 4, 2004	<b>Related Policy</b>	
<b>Revision Dates</b>	June 12, 2013	<b>Related Forms</b>	
<b>Review Date</b>	June 1, 2018	<b>Originator</b>	Administrative Council
<b>References</b>			
BP 4620-D "Investment Scholarship, Bursaries and Award Trust Funds" ; Broader Public Sector (BPS) Procurement Directive; BP 3501-D "Purchasing"; AP 3501-D "Purchasing – Procurement Guidelines"; AP 3512-D "Purchasing – Petty Cash Funds"; AP 3502-D "Purchasing-Donated Assets"			

**Procedure:**

**1.0 RATIONALE**

Bluewater District School Board (BWDSB) is a registered charitable organization that recognizes and values the support of individuals, corporate citizens, other organizations and staff members that provide donations to the board for student programs.

**2.0 SYSTEM EXPECTATIONS**

- 2.1 All donations received will be recorded in a central database and funds identified will be accurately recorded to ensure funds are recorded and tracked according to the donor's instructions/wishes.
- 2.2 The board may issue an official receipt for income tax purposes, for gifts and donations made to the board or to individual schools in accordance with Canada Revenue Agency rules and regulations.
  - i. It is strongly recommended that schools and/or the board will acknowledge in writing with a 'Letter of Thanks' for donations received that are not receipted for charitable tax status purposes.
- 2.3 Schools, school councils and other bodies affiliated with the school should neither have nor obtain a Charitable Tax Registration status with Canada Revenue Agency. Home and School Associations recognized by the Ministry of Education are exempt from this provision and operate as a separate legal entity whereby they may pursue an independent Charitable Tax status with the Canada Revenue Agency.

**3.0 PROCEDURE****3.1 Types of Donations****3.1.1 Awards to Students/Trust Funds/Scholarships**

- i. Trust funds/memorial funds/student awards/scholarships must be held by the board and cannot be part of School Generated Funds or School Council Funds. Please contact the Supervisor of Accounting for more information on establishing these funds.
- ii. Perpetual Trust funds may be established with a minimum of \$100,000
- iii. The board does not accept non-monetary items or 'gifts in kind'
- iv. Money received for the purpose of establishing an ongoing relationship shall be administered in trust by the board through board policy BP 4620-D "Investment Scholarship, Bursaries and Award Trust Funds".
- v. When setting up scholarships or awards with the board, there should be an agreement between the board and the donor which outlines the terms and conditions of the award
- vi. Donor agreements should include:
  - a. Purpose of the scholarship and should be consistent with the values of BWDSB
  - b. The criteria and method by which the student will be chosen
  - c. The method of recognition e.g. monetary, plaque
  - d. The amount and timing of the donation
  - e. The term of the agreement and the duration of the award.

**3.1.1.1 Long Term Awards**

- i. Donation is to be expended over a pre-determined number of years, including principal/interest
- ii. Proposed terms and conditions are reviewed by the Business Department prior to acceptance and distribution of the award
- iii. Funds are managed according to BP 4620-D "Investment Scholarship, Bursaries and Award Trust Funds".

**3.1.1.2 Short Term Awards**

- i. A one-time award or where the award is given annually by the donor and may be discontinued at any time.

**3.1.2 Assistance with Capital Projects**

- i. Funds will be accepted on behalf of the board by the Superintendent of Business. These funds will be placed in reserves for the specific projects or in a reserve for general capital expenditure as designated by the donor. The Broader Public Sector (BPS) Procurement Directive as well as board policy BP 3501-D "Purchasing", and administrative procedure AP 3501-D "Purchasing – Procurement Guidelines". Donated funds should not be used on capital projects that would increase operating costs.

**3.1.3 Memorial Donations**

- i. Memorial donations must be held by the board and cannot be part of School Generated Fund balances or School Council Fund balances. Please contact the Business Officer for more information on establishing these funds.
- ii. Business Services (Accounting/Business Officer) will issue a listing of updated fund balances annually to each school that received memorial donations on behalf of a student or staff member.

**3.1.4 Cash Donations**

- i. Cash donations of \$20 or more will be issued a charitable tax receipt.

**3.1.5 Gifts in Kind**

- i. Donations in the form of a service such as labour must be approved by the Plant and Purchasing Departments prior to the commencement of any work.
- ii. Donation tax receipts can NOT be issued for Services (Labour) donations.
- iii. It is acceptable for a school to purchase a service from an individual or company and then have the company or individual donate the cash/funds back to the school. In this case an exchange of cheques (school to business and business to school) is required.

**3.1.5.1 Gift Acceptance**

- i. This will govern the acceptance of all types of gifts, including but not limited to lifetime gifts and bequests from such sources as corporations, associations, foundations and individuals.
- ii. **Gift:** any voluntary transfer of cash or in kind, from individuals, corporations, associations, foundations or other sources to the school board for either a designated or undesignated utilization in the operation of the school board or its bursaries, award and scholarship program. Gifts are made without expectation of return or benefit to the donor or any individual or company designated by the donor as a result of acceptance of the gift. A gift may be monetary in the form of cash or cheques, or in kind.
- iii. **Designated Gifts:** gifts given to the school board, where the donor has specified where in the school board the support is to be directed. Gifts may be 'designated', for instance, to a particular school or program.
- iv. **Undesignated Gifts:** gifts given to the school board, where the donor has not specified where in the school board the support is to be directed.

**3.1.6 Donated Goods/Items**

- i. Parties are encouraged to donate funds to enable a school or the board to acquire goods to supplement education funding. Schools should refer to BP 3512-D "Corporate Cards, Purchasing Cards and Petty Cash" and AP 3512-D "Purchasing – Petty Cash Funds" for specific instructions on how to purchase goods or services.
- ii. Where goods/items are being physically donated – parties are encouraged to contact Purchasing and /or Plant Services /ICT departments to ensure that all health and safety, insurance and technology related issues are identified and approvals received before acceptance of any goods or services is made.
- iii. Donations that may create an increased operating cost may not be approved without appropriate authority of Principal, Area Superintendent, Superintendent of Business, Purchasing/Plant/ICT /Health & Safety Managers.
- iv. Please refer to AP 3502-D "Purchasing – Donated Assets" for the proper procedure to follow regarding the donation of assets.

**3.1.7 Fundraising Activities**

- i. Individuals who bid on items at a "fundraising event" are not entitled to a donation receipt for the amount of their successful bid or purchase price regardless of the amount paid.

**3.2 Charitable Tax Receipts****3.2.1 Guidelines for Issuing Receipts for Charitable Donations**

- i. the dollar value of the donation must be equal to or greater than \$20.00

- ii. some property (usually cash) must be transferred
- iii. the transfer must be voluntary
- iv. the transfer must be made without expectation of return
- v. "services"(labour) is not considered property for charitable donation purposes and no charitable tax receipt will be issued.

All official tax receipts will be issued by the office of the Superintendent of Business. Principals should contact the Business Officer/Superintendent of Business Services Office for clarification before indicating a tax receipt will be issued and to assess whether the activity qualifies for charitable donation receipts.

### 3.2.2 Procedures for Obtaining an Official Receipt for Income Tax Purposes

#### 3.2.2.1 Cash or Cheque Donations

- i. Forward the cash or cheque to the Business Officer/Superintendent of Business Services Office. The cheques should be made payable to "Bluewater District School Board". Please include the name and address of the donor, the date of the donation, the amount and the purpose of the donation if specified by the donor. The Business Officer will prepare the charitable receipt for mailing directly to the donor.
- ii. The money will be allocated to the school in a donation revenue account in the school budget (07 084 x xxx 000). A donation expenditure account will also be set up to record the expenditure (10 330 x xxx 294). Any funds not spent at year-end will be moved into the following year. If the expenditure exceeds the donation revenue, this amount will be charged against the school budget.
- iii. If the donation is to be used for student awards, please forward a list of recipients to the Business Officer/Superintendent of Business Services Office along with the cheques and cheques will be issued to the students
- iv. If donations are for a breakfast club, a cheque will be issued to the chair of the breakfast club or the school, who will be responsible for maintaining an itemized accounting for the funds received.
- v. A report documenting breakfast club expenditures will be submitted to the Superintendent of Business, including receipts, by July 15th, following the end of the school year.

#### 3.2.2.2 Gifts of Supplies and Equipment (Gifts in Kind)

- i. A description of the donation, the name and address of the donor, the date of the donation and the purpose of the donation if the donor has specified its use should be sent to the attention of the Business Officer/Superintendent of Business Services Office. The receipt will be sent directly to the donor.
- ii. In issuing tax receipts where the donation is a gift of property other than cash, the receipt must include the amount that is the fair market value of the property at the time the gift was made. The generally accepted meaning of fair market value is the highest price that the item given would bring in an open and unrestricted market between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other. For gifts worth less than \$1,000, a qualified employee of the charity can appraise the value of the donation. Charities can lose their charitable registration if they issue receipts that contain false information.

### 3.3 Payments that Do Not Qualify as a Donation

- 3.3.1 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:
- i. 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);
  - ii. 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;
  - iii. amounts received by loose collection, i.e. where a particular donor cannot be identified as having made a particular donation;
  - iv. 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);
  - v. a donation of merchandise that is stock in trade for the donor or is otherwise an expense of business except to the extent provided by Interpretation Bulletin IT-297R2;
  - vi. donations of old clothes, furniture, home baking, hobby crafts, etc. An exception may be made for articles of unusually high value (see Information Pamphlet “Gifts in Kind to Charity and Others” and Interpretation Bulletin IT-297R2);
  - vii. amounts paid for admission to concerts, dinners, and similar fund-raising functions, except to the extent permitted by Interpretation Bulletin IT-110-R3; and
  - viii. any portion of the purchase price of a lottery ticket, despite the fact that the lottery proceeds accrue to one or more charities. (Refer to Interpretation Bulletin IT-110-R3.) For more specific information on gifts, please refer to the following Interpretation Bulletins:

IT-226 -- Gift of Residual Interest to a Charity

IT-244R2 -- Gifts of Life Insurance to a Charitable Organization

IT-288 -- Gifts of Tangible Capital Properties to Charity and Others

Donation receipts will have to provide a description and amount of the “advantage” (if any), and the “eligible” amount of the gift - See Technical News No. 26