



## CHARITABLE DONATIONS

### Background

The Board of Education for School District 72 (Campbell River) is registered with Canada Revenue Agency as a charitable organization for the purpose of advancement of education as defined in the Income Tax Act and is entitled to issue charitable receipts for income tax purposes for eligible donations.

The advancement of education for charity purpose must include formal instruction or training of the mind, preparing a person for a job; or improving a useful branch of human knowledge.

The Supreme Court of Canada has further established criteria to determine whether a purpose or activity is charitable as follows:

- There must be structure and a genuinely educational purpose;
- There must be a teaching or learning component;
- There must be a legitimate, targeted attempt to educate others

### Procedures

#### 1. Acceptance of Charitable Donations

- 1.1. Charitable donations can only be accepted within the criteria and definitions established above and only with the prior agreement of both:
  - a) the administrative or management individual, responsible for the activity with the ability to accept any donor restrictive covenant on expenditures of the funds; and
  - b) the secretary-treasurer, to ensure the donation complies with the Income Tax Act requirements.
- 1.2. The district must maintain direct administration on the use of the donation for their intended purpose. The district cannot flow the donation through to another organization or use the donation for a purpose for which it was not intended.
- 1.3. Where cash charitable donation propositions are not included in the definition provided above, a written proposal is to be made to the secretary-treasurer, to enable assessment of compliance with the Income Tax Act.
- 1.4. A charitable donation receipt cannot be issued where the donor receives a direct benefit for themselves or their family members. (Communications soliciting charitable donations must not imply a direct exchange for services rendered to family members.)

#### 2. Types of Charitable Donation Activities

- 2.1. Cash charitable donations that satisfy the charitable purposes requirements of the Income Tax Act include school supplies, school furnishings and equipment, adventure playgrounds, student programs, student scholarships and student bursaries.

- 2.2. Donations-In-Kind require additional approval as described in section 4.
- 2.3. For a charitable donation to fund a scholarship see Appendix A – Establishing & Administering Scholarship

### **3. Official Charitable Donation Receipts**

- 3.1 Official charitable donation receipts will, on request, be issued by the secretary-treasurer's office for cash donations of \$25 or greater in accordance with this procedure. Although the donation may be received by the school, for the purposes of oversight and reporting, the tax receipt must be issued by the secretary-treasurer's office as the holder of the charitable designation and reporting responsibility.
- 3.2 When a donor has provided a cheque payable to "School District No. 72", all locations are to forward these cheques to secretary-treasurer's office with identification of the school activity or district project to which the donation relates and, as necessary, a request for a charitable donation receipt to be issued.
  - 3.2.1 Donated funds will be transferred to the school's bank account via electronic fund transfer (EFT).
- 3.3 When a donor has provided a cheque payable to the school and requests a charitable tax receipt, the school should:
  - 3.3.2 Forward a photocopy of the donor's cheque to secretary-treasurer's office together with the name and address of the donor, school activity to which the donation was targeted and a request that a charitable donation receipt be issued.
  - 3.3.1 The donation cheque should then be deposit into the school account and recorded in a segregated account in their general ledger accounting system and the confirmation report provided to the secretary-treasurer's office to verify the funds are in the school account. (Transaction Activity Report GNL.560).
- 3.4 The secretary-treasurer's office will prepare the charitable donation receipt and mail the receipt directly to the donating individual or organization.
  - 3.4.1 Charitable donation receipts will be issued in the name of the donor only.
  - 3.4.2 The responsible school administrator or department manager may wish to forward a letter of thanks for the donor to the secretary-treasurer's office to be included in the mailing.
- 3.5 All donation records will be retained by the secretary-treasurer's office in accordance with the Board of Education, Ministry of Education, and Canada Revenue Agency requirements.

### **4. Donations-In-Kind**

- 4.1. Donations of equipment, furnishings and site improvements can only be accepted, and commitments made to issue "donation-in-kind" charitable receipts, after the charitable purpose is confirmed pursuant to this procedure and:
  - 4.1.1 Equipment donations have a program use which is acknowledged by management responsible for the program.
  - 4.1.2 The goods must be for educational purposes not for resale. A registered charity

**cannot issue receipts** on behalf of another organization or charity.

- 4.1.3 Fair market value is at least \$250 and the cost to substantiate fair market value does not exceed the donation value.
- 4.1.4 Fair market value has been substantiated as noted below and agreed to by the donor.
- 4.1.5 Equipment must be of a standard acceptable to the school district including considerations of technical compliance and/or capable of being operated and repaired at a reasonable cost. (Reference OP 528 Equipment Donations)
- 4.2. The fair market value of donations-in-kind will be determined and communicated to the secretary-treasurer's office as follows:
  - 4.2.1 The information technology department (IT department) will determine the fair market value for computers and other technology equipment.
  - 4.2.2 The secretary-treasurer's office will determine the fair market value for all other donations-in-kind.
- 4.3. Computers and other information technology equipment must be delivered to the IT department for evaluation (i.e. not received by district offices and schools) before fair market value can be determined. Such equipment must be clearly labeled as to the identity of the donor and the designated school when shipped to IT department.
- 4.4. Goods that are unused must be donated with the accompanying vendor receipt as proof of valuation.
- 4.5. Goods that are not new must be donated with an accompanying appraisal;
  - 4.5.1 If the item(s) is valued at more than \$1,000, a professional appraisal must be provided by a third party who has expertise in the field of the donated good.
  - 4.5.2 If the item is valued at less than \$1,000, an employee of the school district with enough knowledge of the property may determine its value. The fair market value should be determined in conjunction with the secretary-treasurer prior to informing the donor of the accepted value.
- 4.6. Charitable receipts for donation-in-kind will not be produced until there is confirmation that the goods have been received.

## **5. Donations Ineligible for Tax Receipts**

- 5.1 Canada Revenue Agency has determined that not all gifts qualify as a charitable donation that give rise to charitable donation receipt. Such items that do not qualify for a charitable tax receipt include, but are not limited to, the following:
  - Cash received in loose collections where the donor cannot be identified,
  - Donations of services,
  - Donations of second-hand clothing,
  - Donations of furniture and equipment with no educational value,
  - Gift certificates,
  - Pledged donations,
  - Lottery tickets,

- Tuition and membership fees, and
- Payment of a basic fee for admission to an event or to a program.

5.2 Gifts from a foundation, by definition, do not have charitable donation receipts issued.

Reference: Sections 22, 23, 65, 85 School Act  
Income Tax Act

Cross Reference: OP 310 – Scholarships and Bursaries  
OP 528 – Equipment Donations