

Topic:	Donations and Charitable Receipts
Effective:	September 2015
Cross-Reference:	Third Party Agreements Administrative Procedure
Revision Date:	November 2020
Review Date:	November 2024
Responsibility:	Superintendent of Business Services and Treasurer

INTENDED PURPOSE:

The Halton District School Board is a registered charitable organization that recognizes and values the support of individuals and other organizations that provide donations to the Board for student programs.

PROCEDURES:

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's rules and regulations.

The following guidelines are applied in issuing receipts for charitable donations:

- 1) Some property (usually cash) must be transferred.
 - a. Contribution of services does not qualify.
- 2) The transfer must be voluntary.
- 3) The transfer must be made without expectation of return.
 - a. No valuable consideration (no benefit of any kind) to the donor or to anyone designated by the donor may result from the donation.* See Inducements below
 - b. Donations made can be subject to general direction (e.g., to the benefit of a specific school or program) but cannot be directed to the benefit of a specific individual.
 - c. Contributions that have a written acknowledgement, partnership or sponsorship are referred under the Third Party Agreements Administrative Procedure.

Schools, School Councils or other bodies affiliated with the school should neither have nor obtain Charitable Registration status with Canada Revenue Agency (excluding Home & School Associations).

To ensure that accurate information is provided to potential donors, all communications by schools or departments regarding the issuance of charitable receipts must be pre-approved by the Manager of Accounting – School Financial Services or the Supervisor of School Financial Services in Business Services. Business Services staff will verify that Canada Revenue Agency requirements are met prior to the request for a donation that may be eligible for a charitable donation receipt. Charitable receipts will not be issued if the activity has not been reviewed and approved as eligible by Business Services.

The Superintendent of Business Services may approve exceptions to this policy in accordance with Canada Revenue Agency's rules and regulations.

Before the acceptance of any gift of equipment or materials, or cash for the purposes of same, the following factors must be considered by the school principal:

- value of the gift to the school's educational mandate
- location of the gift in the school building or on the school property;
- applicable installation, transfer of ownership or repair costs;
- safety, security and maintenance requirements;
- Board standards for equipment (consultation with Facility Services or School Programs may be applicable);
- commitment required by the school or the Board, e.g., ongoing costs, if applicable.

1. **Monetary Donations:** Monetary donations are also known as cash donations. Monetary donations can be in the form of cash, cheque or online payment.

The Board will issue an official receipt for income tax purposes for cash or cheque donations in excess of a value of \$100 upon request. All online payment donations made through the Board's donations software will automatically receive a donation receipt via email.

2. **Gifts-In-Kind (i.e., non-cash donations)**

- a. **Services:** Donation receipts cannot be issued for donated services. It is acceptable, however, to buy the services from the individual/company and then have the company/individual donate the funds back to the school. In this case, an exchange of cheques (school to business and business to school) is required. Please note that if the company/individual simply endorses our cheque and presents it back to us, this does not qualify as a donation. Both cheques must be cleared in the appropriate bank account to qualify.
- b. **Gifts:** A donation receipt can be issued for receipt of gifts provided the following documentation is provided to the Board to determine the fair market value of the items donated:
 - If a school receives goods from a company/individual that they normally sell, the company/individual must invoice the Board for the value of the goods and write across the invoice "do not pay - donation to the Board". The Board will then issue the donation receipt based on the invoice amount less HST.
 - If a school receives goods from a company/individual that they normally don't sell (i.e., business donates soccer balls), then the Board needs a copy of the original invoice from the company showing the value of the goods purchased.
 - For donations of used goods with a nominal value of less than \$1,500 or donations of consumable items, the Board will accept the donation and a recognition letter may be provided however, an official donation receipt for income tax purposes will not be issued.
 - For donations of used goods with a value greater than \$1,500, the Board requires an appraisal for the fair market value of the goods from an external qualified appraiser. The cost of the appraisal is to be paid by either the donor or the school accepting the donation. The Board will not be responsible for the cost of appraisals. The Board will then issue the donation receipt based on the appraised fair market value of the item.

For items bid on or purchased at a fundraising event, individuals are not entitled to a donation receipt for the amount of their successful bid or the purchase price regardless of the amount paid (e.g., if an individual bids on or purchases an item worth \$50, they cannot receive a receipt if they pay \$1 or \$1,000 for the item.)

Note that all donated items (cash or gifts) become the property of the Board. Once a donation receipt has been issued, items may not be returned to a donor should the donor subsequently change their mind about the donation.

3. **Gift Cards:** A donation receipt cannot be issued to a company/individual who issues a gift card for use in auctions, raffles and other fundraising activities. It is acceptable, however, to buy the gift card from the individual/company and then have the company/individual donate the value of the card back to the school. In this case, an exchange of cheques (school to business and business to school) is required.

An individual who buys a gift card from a company and then donates the card to the Board may receive a donation receipt for the value of the card, upon presentation of the original invoice/receipt from the company from which the gift card was purchased.

4. **Trust Funds:** Trust funds established for student awards and other purposes must be held by the Board or the Halton Learning Foundation and cannot be part of School or School Council funds. Existing Trust Funds will be maintained at the Board, unless specified through legal instructions however new Trust funds will be maintained by the Halton Learning Foundation. The Manager of Accounting – School Financial Services should be contacted for more information on establishing these funds.
5. **Issuing Charitable Receipts:** Donors are encouraged to make their donations online as they will receive their charitable tax receipt automatically by email when the donation is made through the Board's online payment software. Detailed instructions for issuing charitable receipts using the charitable receipts software for donations of cash, cheques or in-kind are available on myHDSB.
6. **Timing:** Funds must be received or postmarked no later than December 31st in order to receive the receipt in that taxation year.

***Inducements:** The general rule that no benefit of any kind may be made available to the donor in recognition of their contribution does not include items of little or no value. For example, the school may wish to give their donor a small token as a gesture of appreciation. These items (e.g., a flower, a pamphlet, a plastic pin) have no resale value, and accordingly, such inducements are to be ignored; they do not disqualify the donation.