CHARITABLE DONATIONS

Background

The School District 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.

In addition, 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.

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, or designate, 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, or designate, to enable assessment of compliance with the Income Tax Act.

1.4. A charitable donation receipt can NOT 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.)

1.5. The District will work closely with the SD43 Education Foundation in the administration of donations including scholarships.

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 Funds and Administrative Procedure 365 Scholarship & Awards.

3. OFFICIAL CHARITABLE DONATION RECEIPTS

3.1 Official charitable donation receipts will, on request, be issued by Corporate and Financial Services 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 Corporate and Financial Services as the holder of the charitable designation and reporting responsibility.

3.2 When a donor has provided a cheque payable to School District No. 43 (Coquitlam) all locations are to forward these cheques to Corporate and Financial Services 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 local bank account via EFT.

3.3 When a donor has provided a cheque payable to a school, the school should: deposit the cheque to its account, post the information into the My43 spreadsheet which is uploaded into the Atrieve system and a charitable donation receipt is automatically produced and issued.

3.4 Corporate and Financial Services 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 to the donor to Corporate and Financial Services to include the mailing.

3.5 The School will record the donated funds in a segregated account in their general ledger bookkeeping system.

3.6 All donation records will be retained by the Corporate and Financial Services in accordance with Board, 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:

a) Equipment donations have a program use which is acknowledged by management responsible for the program.

b) The goods must be for educational purposes not for resale.

c) Fair market value is at least $250 and the cost to substantiate fair market value does not exceed the donation value.

d) Fair market value has been substantiated as noted below and agreed to by the donor.

e) Equipment must be of a standard acceptable to the school district including considerations of technical compliance, capable of being operated and repaired at a reasonable cost.

4.2. The fair market value of donations-in-kind will be determined and communicated to Corporate and Financial Services for:

a) computers and other information technology equipment – by Information Management Services; and

b) all other donations-in-kind – by the Manager, Purchasing.

4.3. Computers and other information technology equipment must be delivered to Information Management Services 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 Technology Services. (See Administrative Procedure 521 Electronic Equipment).

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:

a) 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.

b) If the item is valued at less than $1,000, an employee of the School District with sufficient knowledge of the property may determine its value.

4.6. Charitable receipts for donation-in-kind will not be produced until there is confirmation that the goods have been received.

5. INELIGIBLE DONATIONS

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 particular donor cannot be identified,
- Donations of services,
- Donations of second-hand clothing,
- Donations of furniture and equipment with no educational value,
- Gift certificates or cards,
- 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.

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APPENDIX A: ESTABLISHING & ADMINISTERING SCHOLARSHIP FUNDS

1. Establishing A Scholarship Fund

Scholarships that are funded by an annual donation are to be paid from school-based funds following the process described in *Administrative Procedure 517 Section 3*.

Scholarships established for more than one year are administered by Corporate and Financial Services through a designated Special Purpose Fund in compliance with the Income Tax Act reporting requirements. Also refer to *Administrative Procedure 365 – Scholarships and Awards*.

2. Issuing Official Charitable Donation Receipts

The processes for issuing official charitable donation receipts are described in *Administrative Procedure 517 Section 3.*

3. Perpetuity Scholarships

Where a charitable donation is being received that will fund a scholarship that is to be paid out over ten or more years, Corporate and Financial Services is required to establish more formal and unique documentation.

If funding for a Scholarship is not sufficient after 10 years, the balance will be amalgamated under a general Coquitlam School District Scholarship Fund.

4. Investment Earnings

Annually, interest earned through the investment of scholarship fund balances will be recorded for the benefit of the individual established scholarship funds.

5. Scholarship Award Selection & Payment

School Administrators are responsible to ensure that selection of scholarship recipients is in accordance with the terms of funding. After the student has satisfied the compliance conditions for payment (like enrolment in a post-secondary institution), the Administrator will authorize the scholarship payment and provide Corporate and Financial Services a memorandum appropriately signed with the student's name, address, Social Insurance Number, and the amount to be paid.

6. Tax Reporting Compliance

Where the student's scholarships exceed $500 for the calendar year, Corporate and Financial Services will issue a T4A slip directly to the student for the calendar year in the following February. Schools that pay scholarships directly from site funds are required to submit the scholarship recipient's name, address and social insurance number to Corporate and Financial Services in order to ensure compliance with the Income Tax Act.

Reference: Section 65, 85, School Act

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