



POLICY TITLE:
Community Donations

Board Approval: February 9, 2016
Board Review:

OBJECTIVE:

Accepting donations from the community in a responsible and stewardly fashion is a role that Summit West Independent School administration feels is a necessity for long term sustainability and future planning. We accept donations in through our Charitable Status, granted by CCRA and report on our contributions and receipting on an annual basis.

BACKGROUND AND PROCEDURES:

Due to the wide range of items and past practices, a policy to govern donations and subsequent issuance of receipts is required for future reference.

1. Donation Categories
 - 1.1. Advancement of Education Summit West Independent School will accept donations and/or contributions for the advancement of education of students from individuals and organizations
 - 1.2. Donations in the Best Interests
Donations from individuals or groups including volunteer help and occasional gifts of materials and supplies from individuals and organizations may be acceptable if they are in the best interests of the society.

A donation may be refused if, in the opinion of the Executive Director or designate, it is unsafe, hazardous, unrelated to the advancement of education or would not be in the best interests of Summit West Independent School to accept the donation.

2. Official Tax Receipts

- 2.1. Official receipts for income tax purposes will be issued for certain donations in accordance with the Income Tax Act and its regulations and this regulation.
- 2.2. Only the Business Office or designate may authorize official receipts for income tax purposes on behalf of Summit West Independent School (Society)
- 2.3. Official receipts for eligible donations in the form prescribed by Canada Customs and Revenue Agency (formerly Revenue Canada) will be issued by the Business Office.

3. Tax Deductions

- 3.1. Summit West Independent School will not issue an official receipt for income tax purposes for donations that are not eligible for an official receipt according to the Income Tax Act, Interpretation Bulletins and Information Circulars.
- 3.2. The following are examples of donations or other payments which are not eligible for an official receipt for income tax purposes according to the Income Tax Act, Interpretation Bulletins and Information Circulars:
 - a. Tuition fees or other payment for which any right, privilege, benefit or advantage may accrue to the donor or specific student;
 - b. Payments for rentals or use of books, facilities, transportation services, equipment, musical instruments, or other instructional resources which are normally paid for by way of a fee;
 - c. Payments to be used to purchase the services of staff in excess of the approved allocation unless specified in contract and approved by specific motion of Board of Directors.
 - d. Payments which cannot be identified as having been made by a particular donor;
 - e. Amount paid for school fund-raising events;
 - f. Amounts paid for admissions to concerts, dinners, athletics events, social functions, graduations, or similar activities;
 - g. Donations in kind which cannot be identified as having been made by a particular donor.
 - h. Donations of services, including volunteer help; or
 - i. Donations of nominal or sentimental value such as used clothes, used furniture, home baking, hobby crafts, and animals.
- 3.3. Information on potential donations must be forwarded to the Business Office manager or designate for a determination as to whether potential donations qualify for an official receipt for income tax purposes.

4. Recognition of Donations

- 4.1. A principal or other administrator may acknowledge a donation in an appropriate manner.

- 4.2. An acknowledgement of a donation is not an official receipt for income tax purposes.
5. Donations of Money
 - 5.1. All donations of money are gratefully accepted, however, official receipts for income tax purposes will only be issued for donations of money of \$10 or more.
 - 5.2. All cheques must be made payable to Summit West Independent School.
 - 5.3. The school may use donations of money for:
 - a. The establishment and/or promotion of scholarships or bursaries
 - b. The educational advancement of Summit West Independent School's students
 - c. The support of athletic and/or extra-curricular activities for the students of Summit West
 - d. The purchase of furniture or equipment
 - e. Items listed and approved in the Fundraising policy
 - 5.4. When Summit West Independent School receives a donation of money of \$20 or more and the donor requires an official receipt for income tax purposes, the money and related information must be forwarded to the business office for consideration of their status as a charitable donation.
 - 5.4.1. The business office will:
 - a. Deposit all donations in the Summit West Independent School general operating account
 - b. Record the donation through the Summit West Independent School financial system
 - c. Allocate the donation to the appropriate budget, fund or account, in accordance with the donor's request; and
 - d. Issue official receipts for income tax purposes
 - 5.4.2. If the donor does not request an official receipt for income tax purposes, the school must:
 - a. Deposit the donation of money in the schools general operating account
 - b. Record the donation as miscellaneous revenue, and
 - c. Ensure that any restrictions imposed and/or directions given by the donor are monitored in order to provide appropriate accountability, if requested, by the donor.
 6. Donations in Kind
 - 6.1. Legal Ownership
 - 6.1.1. All goods that are received as donations by the school are the legal property and responsibility of Summit West Independent School

- 6.1.2. All equipment accepted as donations become the property of Summit West Independent School to dispose of as it deems appropriate. Notwithstanding this right, it is understood that Summit West Independent School will not ordinarily remove equipment from the school or program to which it was donated. Stocks, bonds and negotiable instruments
- 6.1.3. Official receipts for income tax purposes will be issued for donations of stocks, bonds, or other negotiable instruments at the fair market value on the date the donation is made.

6.2. Equipment

- 6.2.1. Action on the part of the community, group or individual wishing to donate equipment to our school may be encouraged, however; only items of equipment with a fair market value over \$100 will be accepted under the conditions of this section.
- 6.2.2. The school may accept donations of equipment with a fair market value under \$100, but no official receipt for income tax purposes will be issued for these donations.
- 6.2.3. Prior to the donation of these items, there must be consultation with the Business Office manager or designate to ensure that the equipment conforms to Summit West Independent School standards.
- 6.2.4. If the equipment is offered as a donation, the Business Office will determine the fair market value using independent dealers or appraisers, if necessary.
- 6.2.5. If the equipment is accepted, the Business Office will issue an official receipt for the fair market value.
- 6.2.6. Business donors must comply with section 9 of this policy.
- 6.2.7. If the fair market value of a donated unit exceeds \$5000, the asset will be recorded as a capitalized asset in the accounts of Summit West Independent School.

6.3. Art Objects & Rare Books

- 6.3.1. Official receipts for income tax purposes will be issued for donations of art objects and rare books if, in the opinion of the Executive Director, or designate, they are acceptable because of their value to the education system.
- 6.3.2. Written appraisals will be obtained from 2 independent sources, and must accompany the donation.

6.3.3. Upon acceptance of these donations, the records of the Insurance Policy must be notified for inclusion under policy along with the appraisal reports.

7. Commodities

7.1. When commodities such as lumber or similar merchandise with an estimated value of over \$300 are offered as a donation, are verified for fair market value and accepted by Summit West Independent School, an official receipt will be issued by the Business Office in the amount of that fair market value.

8. Books & Media Materials

8.1. Donations of books and media materials are encouraged; however they must meet the same criteria as commercial materials considered for inclusion. If the books and media materials are accepted, an official income tax receipt will be issued for the fair market value of the donation.

9. Business Donors

9.1. In certain circumstances, Summit West Independent School may request that business donors must confirm in writing that their donation is not:

- a. A donation of merchandise that is stock in trade for the business; or
- b. Otherwise deductible for income tax purposes as a business expense.

9.2. If the business donation is accepted and if the business donor meets the requirements of this section of this policy, the business office will issue an official receipt for income tax purposes to the business donor.

DEFINITIONS

10. Gift

10.1. A gift is a voluntary transfer of property without valuable consideration. A gift is made when all of the following conditions are met:

- a. There is a transfer of property (usually cash) to the charitable organization
- b. The transfer is made without any expectation of return
- c. No benefit of any kind may be provided to the donor or to any one designated by the donor

11. Ticket Purchase or Entrance Fee

11.1. In general it is our practice not to issue a tax receipt to a person who is receiving something in return. The exception to the rule is if the Fair Market Value for the event can be determined and if the ticket price/entrance fee/registration fee exceeds the Fair Market Value of the event. Approval for receipting values must be determined prior to the event.

12. Donations & Contributions

12.1. Contributing services such as time and effort is not a transfer of property and therefore cannot be issued an official donation receipt. However, a charity can pay an individual such as lawyer, accountant, or other professional for services rendered and later accept the voluntary return of all, or part of, the payment as a donation. This process is often referred to as a “cheque exchange”. In this situation, we can issue an official tax receipt, but the donor must declare this income on their tax return.

13. Sponsorships

13.1. When a business gives cash or property, it may not necessarily be a gift to the charity. If a corporation is receiving a business advantage such as promotion, advertising or recognition no receipt will be issued. A business can be issued a gift confirmation letter that can be used to write off their contribution as a business expense

14. Donations & Pledges

14.1. If a donation or pledge is made directly to Summit West Independent School, in the form of a cheque or cash donation, then we can issue a charitable receipt to the person who made the donation. If the contributor is a corporation, 100 percent of the contribution is deductible as a business promotional expense. If the corporation receives no benefits (ie – advertising in a brochure, logo, or name recognition tickets, etc.), a tax receipt can be issued at the request of the corporation.

14.2. It shall be our practice to issue a gift confirmation letter for the value of the contribution as a proof of payment unless a tax receipt is requested.

14.3. The donation must be \$20 or greater to receive a tax receipt.

15. Fair Market Value

15.1. Fair market value is “the highest price, expressed in a dollar amount that the property (good) would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent and who are acting independently of each other”.

15.2. SWIS will receipt FMV items under terms and conditions of CCRA guidelines.

16. Gift In Kind Donations

16.1. A gift in kind is a gift of property other than cash. A tax receipt cannot be issued for a gift of service. This includes services of legal, entertainment, transportation, or dining services. Certain gift in kind donations are not eligible for tax receipts. If an individual donates an item, a tax receipt can be issued if FMV is established for the good. This can be done by:

- a. Submitting a purchase invoice or other proof of purchase
- b. Having an independent third party appraise and value the item

- c. Obtaining a current price list for the item at a recognized commercial enterprise operating

17. Business Donating Inventory

- 17.1. Business can deduct the original cost of the inventory as a business expense and not lose the taxable benefit associated with the transfer of property. Summit West Independent School will issue a gift in kind letter that can be used to verify the write off of the inventory.