

11. Charitable Donations

As a registered charitable organization with Canada Revenue Agency (CRA), the OCDSB can issue charitable donation receipts for income tax purposes to individuals and businesses that voluntarily make a financial donation, or donate goods (gifts-in-kind), to our schools.

General Information

- a) Donations can be directed generally (i.e. to a specific school) but cannot be directed to benefit a specific individual. Donations must potentially benefit any child in a school, and the donor must not benefit directly or indirectly from the donation.
- b) The minimum donation for which a receipt is issued is \$25.
- c) All receipts must be issued by the Finance Department for income tax purposes. A receipt issued by a school is not an official receipt, and if an audit by CRA of a donor's tax return occurs, it will not be recognized.
- d) All requests for receipts should be submitted to the Finance Department by no later than two months after the donation is received. A request for a receipt (resulting from fundraising in a school year) should be submitted by the end of the school year, and not submitted the following fall. There are often staffing changes in schools, and new staff may not be able to answer questions pertaining to a fundraiser or donation from the previous year.
- e) The deadline for submitting requests for the tax year is January 31. By law OCDSB is required to issue tax receipts by February 28 of the following year. For example, requests for receipts for the 2014 tax year should be received in the Finance Department by January 31, 2015. The request for a charitable donation receipt, if received after January 31, will be issued for the next tax year.
- f) Under CRA regulations, receipts can only be issued to the name and address appearing on the cheque. If the cheque is a combination of donations (e.g. from friends or family), receipts cannot be issued to multiple people unless documentation is provided from the donor indicating (legibly) the names, addresses, and the amount of their contribution to the donation. Without this documentation CRA guidelines say the receipt must be issued to the person writing the cheque, as that is the only party from whom there is proof of receipt of funds.
- g) Charitable donation receipts cannot be issued by the OCDSB for fundraising initiatives to help other charities. For the OCDSB to issue a receipt the money must be benefiting the students and cannot be directed elsewhere. If planning a fundraiser to help others, select a registered charity that is assisting those you would like to help. Have anyone who would like a charitable receipt issued make their cheque payable to that charity directly. For example, to help hurricane victims, select a charity such as the Red Cross and have your donor's cheque made payable to them. A cheque may then be forwarded to the Red Cross on their behalf and they will receive a donation receipt from the Red Cross.

- h) Schools often fundraise to help people in the community who have suffered tragic events, such as fires, or serious illnesses. Under CRA regulations, they do not qualify for a charitable donation receipt from the OCDSB or any other charitable organization, as donations are going to a specific person.
- i) A donation to a school from another registered charity, under CRA guidelines, cannot be issued a charitable donation receipt, nor would they have any use for it. A receipt, however, to acknowledge receiving their gift can be issued. Please forward all necessary information to the OCDSB Finance Department and we will forward a receipt to the donor.

Requesting Charitable Donation Receipts

When requesting a charitable donation receipt, for any type of donation valued at more than \$25, please send the following to the Finance Department:

- The complete name and address of the donor;
- A completed (signed) Charitable Donation Receipt Request Form (OCDSB #485), or a letter from the principal or vice-principal confirming receipt of the goods and requesting a charitable donation receipt; and
- Depending on the type of donation (cheque, cash, gift in kind), please include the information and documentation requested below.

Cheque Donations

For a donation by cheque, include a photocopy of the cheque and a copy of your bank deposit (e.g. a printout from SchoolCash.NET). If the cheque has already been deposited please send the rest of the documentation, as a receipt can still be issued.

Cash Donations

For a cash donation include a copy of your bank deposit (e.g. a printout from SchoolCash.NET).

Gifts In Kind

Donations of goods or equipment received by a school are called gifts in kind (this does not include a gift of service). In order for a receipt to be issued, the fair market value of these items must be determined. The amount the donor is eligible to receive for a gift in kind is the *lesser* of the amount paid by the donor and the fair market value of the donation. (See Appendix A to this section for a CRA example.) Please include the date the donation was received.

a) Donations of New Items

If a new item is donated to a school, include the original sales receipt from the store the item was purchased from, as well as a note from the principal confirming the goods have been received. A receipt can be issued for the amount paid for the item(s) less the sales tax.

b) Donations of Previously Owned Items

Previously owned items donated to a school must be appraised.

- i. For items worth less than \$1000 a letter from someone knowledgeable (other than the donor) appraising the value of the item is acceptable. For example, a letter from the school librarian valuing used books donated to the school. Along with the appraised value, please send the name and position of the person doing the appraisal and a note or signed Charitable Donation Receipt Request Form (OCDSB #485) from the principal confirming the goods were received.
- ii. For items over \$1000 CRA requires a written appraisal on company letterhead from a third party. Please forward the appraisal with the donor's complete name and address and a note or signed Charitable Donation Receipt Request Form (OCDSB #485) from the principal confirming receipt of the goods.
- iii. For donations of automobiles, the make, model, year, vehicle identification number, mileage and colour of the vehicle, are required, as well as a written third party appraisal on company letterhead if the vehicle is estimated to be worth more than \$1000. If the vehicle is worth less than \$1000 an estimated value from the automotive teacher is sufficient. In addition to the appraisal, please forward a note or signed Charitable Donation Receipt Request Form (OCDSB #485) from the principal confirming receipt of the automobile.

c) Donations of Materials by a Business

For donations of materials by a business, the business should issue a receipt for the value for which they would normally sell the goods (excluding sales tax), and mark "donation" on the receipt. Forward the receipt along with a signed Charitable Donation Receipt Request Form (OCDSB #485) or a note from the principal confirming receipt of the goods. Donated materials from a business worth over \$1000 do not require a third party appraisal.

d) Donations of Items for Auction

For donations of items for auction a charitable donation receipt may be issued for the fair market value of the goods received; the same rules apply as for any gift-in-kind. Items purchased at an auction are not eligible for a receipt as the Donor is receiving a "benefit" from the item purchased

e) Donations of Artwork or Musical Instruments

For artwork and musical instruments, as there are many variables regarding donations of this type, it is recommended that a written third party appraisal is obtained. This eliminates the possibility of any disputes over the value of the item.

f) Donations of Gift Cards or Certificates

Gift cards or certificates donated by a business are not eligible for tax receipts, as there is no physical transfer of property from the business, it is a credit. If a business donates a gift card or certificate to purchase items from their business, the business is eligible for a charitable donation receipt once the gift card is redeemed for goods. The business would be eligible for a charitable donation receipt up to the value of the goods purchased with the gift card or certificate. This applies only to gift cards or certificates in exchange for goods.

Gift certificates for spas, restaurants, catering, hotel stays, and transportation tickets are not eligible for a charitable donation receipt as these items are considered to be services by CRA.

If someone purchases a gift certificate and then donates the gift certificate to the school for fundraising, or to purchase school supplies, the person purchasing the gift certificate may receive a tax receipt. In order to issue the receipt we would require the sales receipt for the purchase of the gift certificate from the donor as well as the name and address of the person who purchased the gift card or certificate. We cannot issue charitable donation receipts for re-gifted gift cards or certificates from a donor.

g) Donations of Time and Services

Under CRA guidelines receipts cannot be issued for time and services donated. For example, a trade person may offer to donate his time to install new bookcases in a school, or a piano tuner may tune the school's piano at no charge. Unfortunately, a charitable donation receipt cannot be issued; a physical exchange of goods must take place in order to issue a receipt. The only way a charitable donation receipt can be issued is if the school issues a cheque to the person to pay for their service, and the person donating the service in turn writes a cheque to the school as a donation. There must be a clear paper trail with two separate cheques. An endorsement of the original cheque is not considered acceptable.

h) Fundraising Dinners

When a school holds a dinner to raise funds, the fair market value of the meal has to be determined in order to issue a receipt. For example, if the price per ticket is \$50 for a dinner and silent auction, and the dinner has a fair market value of \$20, the cost of the dinner would be deducted (as that is the benefit the donor is receiving) and a receipt issued to the donor for \$30. There may be other fundraising initiatives where the same method may be applied to determine the amount for which the receipt can be issued. If you are unsure, please call the Finance Department, and we will do our best to answer your question.