

**ST. MARY'S UNIVERSITY**  
**POLICY TYPE: Operational-Financial**

<b>POLICY TITLE:</b> Gift Acceptance Policy for Tax Receipts	<b>POLICY NUMBER:</b> 3.A - 2000
<b>APPROVAL DATE:</b> October 3, 2000	<b>DATE REVIEWED:</b> January 23, 2001
<b>RESPONSIBILITY:</b> Development Office	<b>AUTHORIZATION:</b> Board of Governors

**Overview of Receipt Principles**

These are the principles upon which St. Mary's University will issue charitable donation receipts for gifts to the organization:

1. Canada Customs and Revenue Agency refers to charitable donations as gifts. To be considered a gift, there must be a **transfer of property** to a registered charity. The transfer is made **voluntarily** and the donor receives **no** benefit beyond "nominal value" in return.
2. Donations 'in kind' will not be accepted by St. Mary's University unless the property proposed for transfer has been deemed necessary and of value to the University in conducting its business.
3. The decision to accept a gift 'in kind' will imply that St. Mary's University would normally have approved a direct purchase of the item had it not been offered by the donor.
4. The recommendation to accept a donation of the item should be approved by the official of the University normally having responsibility for items of this nature, i.e. donations of books would fall under the accountability of the University librarian.
5. St. Mary's University will in all cases defer to prevailing income tax legislation as mandated by the Canada Customs and Revenue Agency.

### **Issuing Receipts**

Receipts will be issued to the name of the individual/company on the cheque/credit card for the full donation. If the donor wishes the receipt to be made out to other names, written authorization must accompany payment.

Tax receipts will not be issued jointly in the names of individuals and companies for corporate donations. Tax receipts will also not be issued to an individual if the payment was made by a corporation and vice versa.

In the event that a donation transaction was subsequently found to be invalid or incorrect the University will take the appropriate steps to rectify the problem.

Sponsorships of programs or events will **not** be issued a charitable donation receipt unless no recognition has been given beyond nominal value or as part of an alphabetical listing in a program or other medium.

### **Fair Market Value (for Gifts in Kind)**

For gifts under \$1,000 in value, the retail marketplace (for example, the selling price of an equivalent item) will be used to determine its fair market value. St. Mary's University President or President's designate will value the item. A purchase receipt may be submitted by the donor and used as the basis for issuing the receipt. If the item is not sold in a retail environment, St. Mary's University President or President's designate determine its value based on their knowledge of the value of similar items.

For gifts over \$1,000 in value that are sold in the retail market, this value will be used in issuing a receipt. For items not sold in the retail market, there will be an independent, qualified appraisal of the item at the time of the donation. The appraiser must be acting at arms-length from either the donor or the institution receiving the donation.

In cases where the cost of an appraisal is unreasonable or it proves difficult to find an independent appraiser, a qualified member of St. Mary's may appraise the gift provided the appraiser and the donor are at arms-length.

Fair market value will be defined as the highest price that the item would bring in an open and unrestricted market between a knowledgeable buyer and seller who are acting independently of one another on the date of the transaction.

Receipts will not be issued until the ownership of the item(s) has changed hands to St. Mary's University.

### Gifts in Kind

Receipts **will not** be issued for:

- Donations of little or no value, (normally less than \$25 per item). These include gifts of used clothing, home baking, some library books, hobby crafts.
- Donations of any type of service. If a person or organization wishes to make a donation, they are to invoice St. Mary's University for the service, the invoice will be paid and the supplier can donate the value of the services in cash.
- Donations of inventory from a business (examples: clothing with company logo, pens, pencils, stationary, etc.)
- Amounts received where a particular donor cannot be identified as making a specific donation. In order to be given a receipt, the onus is on the donor to ensure that the name required for the receipt is given to St. Mary's University.
- Donations that are subject to a general direction from the donor that the gift be used in a particular program operated by the University whereby the gift would provide a benefit in some way to someone not dealing at arms length with the donor.

Receipts **will** be issued for:

- Donations of cash unless the donor requests no tax receipt.
- Donations of artwork and library books where a fair market value can be established by an independent, qualified appraiser dealing at arms-length from the donor, and St. Mary's University and has been documented in writing.  
The donor will determine the amount of the donation as between the adjusted cost base (normally the purchase price) and the current fair market value of the artwork. If the artist or author donates the work, it is their responsibility to determine fair market value and to include the amount of the donation receipt less any cost of materials in their personal income for the year.
- Donations of used furniture and equipment.
- Donations of tickets to sporting or other events where the value of the ticket is shown on the face of the ticket.
- Donations of gift certificates from businesses where the value of the certificate is shown on the face of the certificate.
- Donations of gift baskets. The amount of the receipt will be the total retail value of the items in the gift basket.
- The amount of the value of the ingredients of a dinner prepared and donated by individuals.

### **Dinner, Ball or Like Event**

Charitable donation receipts will be issued for the difference between the price of the ticket and the fair market value of the event. The fair market value will be determined by comparing the ticket price to the usual charge for attendance at a similar event or by estimating the charge as if it were carried out as a profit-making venture. If a speaker or entertainment is provided as part of the dinner, this is taken into consideration in determining the fair market value of the event.

A "like event" will be considered to be one that provides consumable goods and services, the equivalent of which are readily determinable in the marketplace.

If door prizes are being offered as part of the purchase price, no part of the ticket price is receiptable. The opportunity to participate in door prizes is to be treated as a separate transaction with an additional charge for participation if a tax receipt is to be issued for the event.

### **Golf Tournaments**

If no hole prizes, team prizes, skill prizes or tee gifts are offered as part of the golf tournament registration, the tournament will be considered a "like event" and the policy applying to like events will apply. (Tax receipt = yes)

If prizes of any kind or tee gifts of greater than nominal value are offered, no charitable donation receipts will be issued for any portion of the tournament fee. (Tax receipt = no)

Payment of an additional fee may be considered to be an entry for the chance to win prizes (example: purchase of a mulligan). Donation receipts may be issued for the difference between the ticket price and the fair market value of the golf game plus any other entertainment and meals received by the registrant in the tournament. (Tax receipt = yes)

### **Auctions**

Auctions, silent or live, are not to be considered as "like events". If the auction is held in conjunction with a dinner or other "like event", it must be treated as a separate event, even if held on the same evening, and at the same place. The separation is required in order for a donation receipt to be issued for any portion of the ticket price to the dinner. Separate tickets should be sold to the dinner and to the auction. Tickets should be available to one or both of the events. If a dinner ticket is required to attend the auction, donation receipts cannot be issued for any portion of the price.

Contributions of items to auctions will be governed by the policies related to gifts in kind.

### **Gifts of Publicly Traded Shares**

Gifts of publicly traded shares will be accepted by St. Mary's University. These gifts will be the responsibility of the head of the Development Office of St. Mary's University.

The amount of the receipt issued for the shares will be their value of the closing price on the day ownership of the shares were transferred to St. Mary's University.

### **Donor Recognition**

Donors will be recognized as per Canada Customs and Revenue Agency definitions of nominal value. The recognition will be the lesser of:

- (a) \$50.00, or
- (b) 10% of the amount of the donation

### **Documentation Related to Charitable Donation Receipts**

Documentation will be provided and retained with the duplicate copies of the charitable donation receipts issued by St. Mary's University.

The following will be part of the required documentation:

- details of the valuing of gifts in kind
- details of events and the rationale for decisions made on issuing receipts in particular circumstances
- other documentation to support the issuing of the receipt

### **Policy Review**

This policy will be reviewed on an annual basis or as required due to changes in Canada Customs and Revenue Agency policies and regulations.

### **Sources:**

McKinnon & Co. – Chartered Accountants  
Lo, Porter Hétu - Certified General Accountants  
Canada Customs and Revenue Agency bulletin IT288R2 – Gifts of Capital Properties to a Charity and Others  
Canada Customs and Revenue Agency publication – Gifts and Income Tax Rev. 99  
Synopsis of Improper Issuance of Charitable Receipts by Terrance Carter, lawyer specializing in charity law

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