

DONATION RECEIPTING PROCEDURE

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Administrator.

Functional Category:	Operations
Parent Policy:	Donation Policy
Approval Date:	May 25, 2016
Effective Date:	May 31, 2016
Procedure Owner:	Vice President, External Affairs and Corporate Counsel
Procedure Administrator:	Director, Advancement

Overview:

Donations to NorQuest College (college) are made through the NorQuest College Foundation (Foundation). The Foundation is a registered charity and receives donations for the college from a wide variety of sources including associations, corporations, foundations and individuals.

This procedure outlines the activities associated with receipting of donations.

Authority to establish this procedure is derived from the [NorQuest College Board of Governors Policy No. 5](#) which delegates authority to the President and CEO to establish policies and procedures for the college's management and operation.

Procedures:

Receipts are issued for all accepted donations. Donations that qualify under the *Income Tax Act* are issued official receipts for income tax purposes. Donations that do not qualify for an income tax receipt are issued a non-charitable receipt.

Official Income Tax Receipts

An official income tax receipt for a donation will be issued according to the donation acceptance principles outlined in the Donation Policy, and where all of the conditions listed below are satisfied:

- some property, usually cash, is transferred by the donor to the college,
- the transfer is voluntary,
- the transfer is made without expectation of return.

Donation receipts are issued by the college Advancement Division. Specific documentation, depending on the nature of the donation, must be provided before a charitable tax receipt can be issued.

Official Income Tax Receipts cannot generally be issued for the following:

- a court ordered transfer of property,
- the payment of a basic fee for admission to an event or program,
- the payment of membership fees that convey the right to attend events,
- a payment for a lottery ticket or other chance to win a prize,
- the purchase of goods or services from a charity,
- a donation for which the fair market value of the advantage or consideration provided to the donor exceeds 80% of the value of the donation,

- a gift in kind for which the fair market value cannot be determined,
- donations provided in exchange for advertising/sponsorship,
- gifts of services (for example, donated time, labour),
- gift certificates donated by the issuer,
- pledges,
- loans of property,
- use of a timeshare and/or the lease of premises,
- donations made on behalf of another organization or charity, or
- donations in a name other than the name of the true donor.¹

Preparation of Receipts

Each receipt is prepared in duplicate bearing its own serial number, and is signed by an individual authorized to acknowledge donations. For donation of property other than cash, the fair market value of the property at the time the gift was made, as well as the date of the gift, a description of the property and the name and address of a reputable appraiser is required.

For donations of cash the receipts will contain:

- a statement that it is an official receipt for income tax purposes,
- the name and address of the Foundation,
- the Foundation's registration number
- the serial number of the receipt,
- the place or locality where the receipt was issued,
- the day or year the donation was received,
- the day on which the receipt was issued if it differs from the day of donation,
- the full name and address of the donor,
- the amount of the donation,
- the signature of an individual authorized to acknowledge donations, and
- the name and Website address of the Canada Revenue Agency (www.cra.gc.ca/charities).

For non-cash donations (gifts in kind), the receipt will have these additional elements:

- the day on which the donation was received,
- a brief description of the property transferred to the college,
- the name and address of the appraiser (if property was appraised), and
- the deemed fair market value of the property.

Control of Receipts

The college and its employees guard against the unauthorized use of official receipts.

Lost or Spoiled Receipts

The college may issue a replacement for an official receipt. The replacement receipt will indicate that it is a duplicate.

¹ <http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/gfts/whts-eng.html>

Definitions:

Receipting Actions

- Donations received, accepted, and processed by the college will be issued a receipt.²
- Receipts are generally prepared and sent to the donor the same day the donation is processed.³
- Receipt numbers are entered into the software used to control donation receipts.
- Paper copies of all receipts are kept.
- A reconciliation of receipts and general ledger entries to bank deposits will take place on a periodic basis.

Donation: A voluntary transfer of property without valuable consideration to the donor. In order for a gift to qualify for a charitable tax receipt the following three conditions must be satisfied:

- 1) some property, usually cash, is transferred by the donor to the college,
- 2) the transfer is voluntary, and
- 3) the transfer is made without expectation of return.

In alignment with Canada Revenue Agency (CRA) guidelines, it may be permissible for donors to receive recognition for their gift, including donor wall listing, signage and plaques, or naming opportunities for buildings, displays, education programs, etc.

Donations can be in many forms including: cash, in kind, planned gift, and endowment.

Fair Market Value: Fair market value is usually the highest dollar value for property in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed, and acting independently of each other.

Gifts in kind: Gifts in kind, also known as non-cash gifts, are gifts of property. They cover items such as artwork, equipment, securities, and cultural and ecological property.

A contribution of service, that is, of time, skills or efforts, is not property and, therefore, does not qualify as a gift or gift in kind for purposes of issuing official donation receipts.⁴

Nominal Value⁵: for purposes of determining a threshold value for a benefit provided in return for a donation that qualifies for a charitable tax receipt is,

fair market value of the benefit not exceeding the lesser of:

- \$75.00 or
- 10% of the amount of the donation.

Related Information:

- [Canada Revenue Agency Receipting Checklist](#)
- [Donation Acceptance Procedure](#)
- [Donation Policy](#)

² Exception to this: Gifts of service are not receipted but are kept, for stewardship purposes, in the software used to control donation receipts.

³ Where fundraising events are held, receipting may take up to 30 days due to the volume of donations.

⁴ CRA Charities and Giving Glossary www.cra-arc.gc.ca/chrts-gvng/chrts/glossry-eng.html

⁵ Canada Revenue Agency Income Tax Interpretation Bulletin Reference number CG-013: Fundraising by Registered Charities, Section 108.

Related Documentation:

N/A

Next Review Date:

January 2020

Revision History:

June 2012: New
August 2013: update for document links and branding
May 2016: update