

REGULATION #4430.1 CHARITABLE DONATIONS

1. CHARITABLE PURPOSE

The school district is a registered charity with Canada Revenue Agency for the purpose of “advancement of education” as defined in the Income Tax Act.

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 to the above definition, the Supreme Court of Canada has set out a number of 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.

2. ACCEPTANCE OF CHARITABLE DONATIONS

2.1. Charitable donations can only be accepted under the definition of Section 1, with the prior agreement of both:

- a) The account coordinator responsible for the activity accepting any donor restrictive covenant on expenditure of the funds.
- b) The secretary-treasurer, or designate, being satisfied that the purpose of the donation complies with the Income Tax Act requirements.

2.2. The district must maintain direct administration on the use of the donation for their intended purpose.

2.3. Where cash charitable donation propositions are not included in the definition provided in Section 1, a written proposal is to be made to the secretary-treasurer, or designate, to enable assessment of compliance with the Income Tax Act.

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- 2.4. 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.)

3. TYPES OF CHARITABLE DONATION ACTIVITIES

- 3.1. 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.
- 3.2. Donations-In-Kind require additional approval as described in section 7.
- 3.3. For a charitable donation to fund a scholarship see [Appendix a – Establishing & Administering Scholarship Funds.](#)

4. OFFICIAL CHARITABLE DONATION RECEIPTS

- 4.1. Official charitable donation receipts will, on request, be issued by Fiscal Management Services for cash donations of \$20 or greater where the purpose of the donation has been accepted pursuant to the foregoing.
- 4.2. Donors can make cheques payable to School District No. 36 (Surrey). Sites are to forward these cheques to Fiscal Management Services with identification of the school activity or district project to which it relates and request that a charitable donation receipt be issued.
- 4.3. When a donor has provided a cheque in the name of a school, the school should: deposit the cheque to its account and forward to Fiscal Management Services the school's cheque along with a photocopy of the donor's cheque and a request that a charitable donation receipt be issued.
- 4.4. Fiscal Management Services forwards charitable donation receipts to the account coordinator responsible for the funds in order to provide the opportunity to have a letter of thanks accompany mailing the charitable donation receipt to the donor.

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- 4.5. Funds received as charitable donations are accounted for in general ledger accounts that the account coordinator is responsible for.

5. GIFTS BY BUSINESS

- 5.1. When a business provides cash or property to a charity, it may or may not be making a gift to the charity.
- a) If a business advantage, such as promotional or advertising services, is provided to business, the business can claim a business expense and a charitable donation receipt cannot be issued.
 - b) If no consideration is provided, then a gift has been made and a charitable receipt can be issued.
- 5.2. Gifts of inventory from a business (e.g. food from a grocery store) usually do not have charitable receipts issued. Since the business must include the fair market value of the gifts from inventory in its taxable income before deducting the donation, there is no net benefit to the business. In order to avoid the administrative burden of determining the fair market value of gifts of business inventory and the administrative burden of issuing the related receipts, the school district, normally, does not issue charitable receipts for gifts of business inventory.
- 5.3. It is appropriate to issue a letter of thanks for contributions by business that do not qualify for issuance of a charitable receipt.

6. EXPENDITURE OF DONATED FUNDS

- 6.1. The account coordinator who directs the program on which the funds will be expended is responsible to satisfy:
- a) Any restrictive covenants associated with the funds.
 - b) School district policies and regulations.
- 6.2. Financial information on the status of funds is available to account coordinators via on-line inquiry and from reports provided by Fiscal Management Services.

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7. DONATIONS-IN-KIND

- 7.1. Donations of equipment, furnishings and site improvements can only be accepted and commitments made to issue “donation-in-kind” charitable receipts after:
- a) The criteria for acceptance of donated goods delineated in [Policy #5305 – Equipment Donations](#) are satisfied.
 - b) The charitable purpose is confirmed pursuant to section 2 of this regulation. 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 per section 6.2 and agreed to by the donor.
- 7.2. The fair market value of donations-in-kind will be determined and communicated to Fiscal Management Services for:
- (a) Computers and other information technology equipment – by Information Management Services.
 - (b) All other donations-in-kind – by the Manager, Purchasing.
- 7.3. Where a donor requests a charitable receipt for a donation-in-kind, the donor is to contact the offices described in 6.2 in order to make the necessary arrangements.
- 7.4. 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.
- 7.5. Charitable receipts for donation-in-kind will not be produced until there is confirmation that the goods have been received.

Appendix A: [Establishing & Administering Scholarship Funds](#)

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