

Charitable Receipts for Income Tax Purposes

Purpose *To have an acknowledgment process that shows our appreciation for individuals, corporations or groups who make donations, contributions, gifts or bequests and to define the guidelines for issuing charitable receipts.*

Policy Statement *Following the regulations of Canada Revenue Agency, ASC will provide acknowledgement of eligible donations, contributions, gifts or bequests by issuing receipts for income tax purposes.*

Receipts issued for income tax purposes must be signed by an ASC designate with signing authority.

Cash Donations

Adhering to the regulations of Canada Revenue Agency, ASC will issue receipts for income tax purposes for donations in the amount of twenty dollars or greater.

Donations of Items

Approvals for the issuing of a charitable receipt are contingent upon the following:

- *Adhering to the regulations of Canada Revenue Agency, receipts for income tax purposes for donations requires the approval of the Executive Director prior to accepting the donation.*
- *The item being of value to ASC and/or being an item that ASC would have purchased.*
- *Fair market value for the items must be determined by a qualified third party.*

Charitable receipts will NOT be issued for the donation of items less than \$500.00.

Donation of Time or Services Rendered

Adhering to the regulations of Canada Revenue Agency, donations of time or services rendered cannot be recognized by a charitable receipt.

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Charitable Receipt Process

- The preparation of charitable receipts are completed by accounting personnel. Any charitable receipt issued must be signed by a person other than the one who prepared the receipt and who is designated by ASC as having signing authority.
- The template charitable receipt is located on the ASC server and password protected to the accounting personnel. Information pertaining to the name, address, amount, date received, and date issued is entered into the excel template.
- For tracking purposes, all copies of charitable receipts will be retained and stored in a secure cabinet.
- If a charitable receipt needs to be re-issued due to error, the previously issued original receipt will be re-called, voided, and a corrected charitable receipt re-issued.
- Any voided charitable receipts will be reviewed and initialed by the Executive Director and retained for tracking purposes.
- If a charitable receipt needs to be re-issued at the request of the recipient, a copy of the original receipt only, will be forwarded.

Cash Donations

- Any cash donations coming through Reception are recorded through the issuing of a general receipt (not used for tax purposes). The usual process for bank deposits are then followed.
- The Receptionist also forwards donation contribution information to the Executive Director and the accounting personnel for preparation of the charitable receipt.
- Accounting personnel will prepare a charitable receipt for all cash donations over \$20.00.
- In consultation with the Executive Director, cash donations will be accompanied by a letter of acknowledgement with the charitable receipt.

Donations in Memory

- When donations are made in memory of someone, that donor and family will each receive a letter of acknowledgement.
- If the donation is greater than \$20.00 the donor will receive a charitable receipt as well as a letter of acknowledgement.

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Donations of Items

Determination of the eligibility for issuing of a charitable receipt for a donated item will be made by the Executive Director and must meet the following criteria:

- The item to be donated must be of value to ASC and is an item that ASC would have purchased.
- Determination of fair market value for the item by provision of a receipt or an acceptable appraisal by a qualified third party.
- Charitable receipts will only be issued for any item with a value of more than \$500.00.
- In consultation with the Executive Director, letters of acknowledgement will be prepared to accompany the charitable receipt.

In circumstances where the donated item does not meet all of the above criteria, but is still of value to ASC, in consultation with the Executive Director, the item may still be accepted and acknowledged.

Donation for Time or Services Rendered

- Receipts cannot be issued for the donation of time or for services rendered.
- Anyone wishing to contribute in this manner will be advised of the above and that a cash donation in any amount of their choosing is acceptable.

Process for Entering Donations to Accounting Records

- Cash donations under \$20.00 (unreceipted) are entered into Donations Unreceipted Revenue.
- Cash donations over \$20.00 (receipted) are entered into Donations Receipted Revenue.
- Donations of items valued under \$500.00 are not recorded.
- Donations of items valued between \$500.00 and \$5,000.00 are entered as Donations Revenue (receipted or unreceipted) with the corresponding expense being recorded to the applicable budget area.
- Donations of items over \$5,000.00 will be debited to the Asset Account and credited to Deferred Capital Contributions.

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