
SCHOOL DISTRICT NO. 36 (SURREY)

No. 4430.1

REGULATION: CHARITABLE DONATIONS

1. ACCEPTANCE OF CHARITABLE DONATIONS

- 1.1 Charitable donations can only be accepted with the prior agreement of both:
 - (a) the Account Coordinator responsible for the activity accepting any donor restrictive covenant on expenditure of the funds; and
 - (b) the Secretary Treasurer, or designate, being satisfied that the purpose of the donation complies with the Income Tax Act requirements. Automatically accepted purposes are described in section 2.1. Purposes that must be specifically approved are addressed in sections 2.3 and 2.4.
- 1.2 Donations-In-Kind require additional approval as described in section 6.
- 1.3 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.)

2. CHARITABLE PURPOSES REQUIREMENTS

- 2.1 Cash charitable donations are considered to satisfy the charitable purposes requirements of the Income Tax Act where the funds will be expended, by the end of the fiscal year following receipt, for the purposes of: school supplies, school furnishings and equipment, adventure playgrounds, student programs, student scholarships and student bursaries.
- 2.2 Donations that do not satisfy the charitable requirements of the Income Tax Act include those where the donor or family member receives a direct benefit or is a mandatory payment.
- 2.3 Where cash charitable donation propositions are not included in the definition provided in 2.1, 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 For a charitable donation to fund a perpetual scholarship or otherwise not be expended by the end of the fiscal year following receipt of the funds, contact the Secretary Treasurer or designate, to make arrangements.

3. OFFICIAL CHARITABLE DONATION RECEIPTS

- 3.1 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. General (non-charitable) receipts are issued unless a charitable receipt has been requested.
- 3.2 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 or district project to which it relates and request that a charitable donation receipt be issued.
- 3.3 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. This is the preferred method of operation when a school has a charitable donation fundraising campaign.
- 3.4 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.
- 3.5 Funds received as charitable donations are accounted for in general ledger accounts that the Account Coordinator is responsible for.

4. GIFTS BY BUSINESS

- 4.1 When a business provides cash or property to a charity, it may or may not be making a gift to the charity.

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- (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 can not be issued.
 - (b) If no consideration is provided, then a gift has been made and a charitable receipt can be issued.
- 4.2 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.
- 4.3 It is appropriate to issue a letter of thanks for contributions by business that do not qualify for issuance of a charitable receipt.

5. EXPENDITURE OF DONATED FUNDS

- 5.1 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; and
 - (b) school district policies and regulations.
- 5.2 Financial information on the status of funds is available to Account Coordinators via on-line inquiry and from reports provided by Fiscal Management Services.

6. DONATIONS-IN-KIND

- 6.1 Donations of equipment, furnishings and site improvements can only be accepted and commitments made to issue "donation-in-kind" charitable receipts after:

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- (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.
- 6.2 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; and
 - (b) all other donations-in-kind – by the Manager, Purchasing.
- 6.3 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.
- 6.4 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.
- 6.5 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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Revised: 2010-06-24

Amended: 2003-02-18

2000-10-10

2000-03-28

1999-03-02

1995-02-09

1993-03-23

X Ref: Policy #4202

Reg. #4202.1

Reg. #4202.2

Policy #5305

Policy #6511

Approved: 1985-09-17

APPENDIX A: ESTABLISHING & ADMINISTERING SCHOLARSHIP FUNDS

1. Establishing A Scholarship Fund

Most scholarships are paid from site based funds accounts. This is the preferred practice as it produces the least administrative burden.

Scholarships may be administered through a district trust account for your school. When charitable donations are involved, this is required to facilitate compliance with Income Tax Act reporting requirements. A district trust account for your school's scholarships can be established by contacting Fiscal Management Services.

2. Issuing Official Charitable Donation Receipts

The processes for issuing official charitable donation receipts are described in Regulation 4430.1. Particular attention should be given to sections 3 – Official Charitable Donation Receipts and 4 – Gifts By Business. Raising funds for scholarships is encouraged.

3. Perpetuity Scholarships

Where a charitable donation is being received that will fund a scholarship that is to be paid out over ten or more years, please contact Fiscal Management Services to establish the necessary unique arrangements.

4. Scholarship Award Selection & Payment

The principal is responsible to ensure that selection of scholarship recipients is in accordance with the terms of funding. After the student has satisfied the school of compliance with the conditions for payment (like enrolment in a post secondary institution), the school will authorize the scholarship payment and provide Finance a memorandum signed by the Principal with the student's name, address, Social Insurance Number and the amount to be paid. Scholarship cheques are returned to the school to enable an appropriate letter to accompany the payment.

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5. Tax Reporting Compliance

Where the student's scholarships exceed \$500 for the calendar year, Fiscal Management Services will issue a T4A slip directly to the student for the calendar year in the following February. Schools that pay scholarships directly from site funds are required to submit the scholarship recipient's name, address and social insurance number to Fiscal Management Services in order to ensure compliance with the Income Tax Act.

6. Scholarship Trust Fund Balances

The activities in and balance of the district scholarship trust accounts are available to principals via online financial inquiry and monthly financial reports.
