

## **Administrative Procedure 522**

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### **CHARITABLE DONATIONS**

#### **BACKGROUND**

The School District is registered with Canada Revenue Agency as a charitable organization for the purpose of 'advancement of education' as defined in the Income Tax Act and is entitled to issue charitable receipts for income tax purposes for eligible donations.

A charitable donation is a voluntary transfer of property or cash that does not provide a material benefit to the donor or a member of the donor's family.

For a gift to qualify as a charitable donation, all of the following conditions must be met:

- Property or cash is transferred by the donor to the District;
- The donation is voluntary and made without expectation of a return; and
- The Secretary-Treasurer (or designate) is satisfied that the purpose of the donation complies with the Income Tax Act requirements.

#### **PROCEDURES**

##### **1. Acceptance of Charitable Donations**

- 1.1 Once approved, a tax receipt will be processed by the District to the donor for donations over \$20. Donations received by cheque must be made out to "Board of Education of School District No. 40" as this is the entity with charity status. Schools do not have charity status. Donations may be directed to a school or program.
- 1.2 A charitable donation receipt can NOT be issued where the donor receives a direct benefit for themselves or their family members.
- 1.3 The Board of Education, through the Superintendent, has the authority to decline a charitable donation. The Board, through the Superintendent, reserves the right to refuse to accept any donation that it determines:
  - 1.3.1 cannot be usefully applied to the purposes of the District;
  - 1.3.2 may cause District to incur costs in its acceptance that the District determines are unacceptable;
  - 1.3.3 contains conditions that conflict with the mission, vision, overall objectives or independence of the District;
  - 1.3.4 is given with unacceptable conditions for its use or acknowledgement;
  - 1.3.5 has arisen, or is suspected to have arisen, through illegal activity;
  - 1.3.6 may damage the reputation of the District; or
  - 1.3.7 is inappropriate or not in the best interests of the District to accept.
- 1.4 If the donation has been accepted and should it come to the attention of the Board that a donor's ethics are called into question after funds have been received, that the Board, through the Superintendent, may return these funds back to the donor.

- 1.5 The District must maintain direct administration on the use of the donation for the intended purpose. The District cannot flow the donation through to another organization or use the donation for a purpose for which it was not intended.
2. Gifts by a business
  - 2.1 When a business provides cash or property to a charity, it may or may not be making a gift to the charity.
    - 2.1.1 If a business advantage, such as promotional or advertising services, is provided to the business and the business can claim an expense, then a charitable donation receipt cannot be issued. This would be a corporate sponsorship and administrative procedure 525 *Corporate Sponsorships* would apply.
    - 2.1.2 If no benefit is provided in return to the business, then the gift that has been made can be issued a charitable donation receipt.
  - 2.2 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. 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 District normally does not issue charitable receipts for gifts of business inventory.
3. Use of Funds received from Charitable Donations
  - 3.1 Products and services purchased utilizing funds collected through donations are subject to Administrative Procedure 515 - Purchasing and Tendering. All purchases must first be approved by the School Principal.
  - 3.2 Donations shall not be utilized for the hiring of staff or the provision of programs or activities in schools which require continuity.
  - 3.3 Donations shall not be used to acquire resources which would create a significant inequitable situation among schools.
4. Equipment Donations (including those received from Parent Advisory Councils (PACs))
  - 4.1 All equipment donations must have a program use which is acknowledged by the school principal or program, or management responsible for the department.
  - 4.2 Equipment must be of a standard acceptable to the District including considerations of technical operation, health, safety and aesthetic acceptability.
  - 4.3 Donated equipment must be operational and capable of being operated and repaired at a reasonable cost.
  - 4.4 Accepted equipment donations are to be placed in inventory and taken into the care, custody and control of the school district.
  - 4.5 Receipt of an equipment donation does not imply that the District will provide for its replacement at the end of its life cycle.

## 5. Donations In-Kind

- 5.1 Donations in-kind are a tangible piece of property for which title is transferred from the donor to the District. It is a non-cash gift.
- 5.2 Procedures under section 4 apply if the donation in-kind is equipment.
- 5.3 Property that is unused must have the accompanying vendor receipt as proof of valuation where the donor is looking for a charitable donation receipt.
- 5.4 Property that is not new must have an accompanying appraisal as follows to support the value on a charitable donation receipt:
  - 5.4.1 For property valued at more than \$1,000, an independent appraisal must be provided from a third party who has expertise in the field of the donated property.
  - 5.4.2 For property valued at less than \$1,000, an employee of the District with sufficient knowledge of the property may determine its value.
- 5.5 Once a donation in-kind is approved, form AP 522-A must be completed and submitted to the District for processing for a charitable donation receipt.

## 6 Donor Recognition

- 6.1 The District does not offer naming of its programs or facilities after corporations or individuals who have made large donations as a form of recognition. Facilities are named in accordance with the criteria and procedures outlined in Administrative Procedure 541 - Naming New Schools.
- 6.2 The District will not accept donations that include requirements to include anything permanently affixed to District property or resources/equipment provided or purchased with donated funds to the school community or students (examples include emblems/crests, plaques).
- 6.3 Appropriate forms of recognition for a donation shall generally be limited to mention in the school newsletter, event program, recognition at an assembly, news release, or letter of thanks to the donor with prior approval of the school Principal;
- 6.4 When donations involve donor recognition through means outside of 6.4, prior approval from the Superintendent or designate is required before the donation is accepted.

## 7 Ineligible Donations

- 7.1 Canada Revenue Agency has determined that not all gifts qualify as a charitable donation that give rise to a charitable donation receipt. Such items that do not qualify for a charitable tax receipt include, but are not limited to, the following:
  - Cash received in loose collections where the particular donor cannot be identified;
  - Donations of services;
  - Donations of most nominal value used goods that have no fair market value;
  - Donations of furniture and equipment with no educational value;
  - Gift certificates or cards;

- Pledged donations;
- Lottery tickets;
- Tuition and membership fees; and
- Payment of a basic fee for admission to an event or to a program

*Reference: Sections 65, 85 School Act*

*SD No. 40 (New Westminster)*

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