

# Issuance of Charitable Receipts

## Catholic School Councils - Hamilton Wentworth Catholic District School Board

The following information outlines the proper procedures that should be followed regarding the issuance of charitable receipts.

It is important that all of our schools are kept aware of the correct practices that must be followed, especially in light of the large increase in fund-raising activities over the past few years. In addition, the Board has received various updates from Revenue Canada over the year which have further clarified rules and regulations.

The Board first qualified as a registered charitable organization in 1988 under the criteria of "advancement of education." Activities that are considered as "advancements of education" are as follows:

- providing and operating schools
- providing scholarships, bursaries and prizes
- promoting research for educational purposes
- the advancement of science
- nurturing an appreciation of aesthetic matters such as art, music and literature

The Board is able to issue charitable receipts to individuals or companies who make donations toward one of the above activities. Cash donations made to provide financial assistance to students at Christmas or other times of the year are not eligible for charitable receipts. Helping a student out by providing cash for Christmas presents or food hampers does not fall under the definition of "advancement of education." These acts of kindness would only be eligible for charitable receipts if our Board qualified as a registered charity under the criteria of "relief of poverty", which we do not.

2. A donation is defined as a gift made by a donor, with no material benefit bestowed upon the donor. Therefore, in order to qualify for a charitable receipt the donor must not be receiving any other material benefit for the donation.

3. "Gifts in kind" are eligible for receipts. This refers to a donation other than cash. (Eg. donation of an old car, or a computer. "Gifts in kind" must be accompanied by a third-party appraisal (the appraisal must come from someone other than the donor).

4. Some of our schools have been organizing fund-raising auctions. Charitable donations can be issued for the following donations:

- If an item is purchased to be auctioned off at the event, the invoice showing the amount paid for the item must accompany the request for a receipt.
- If a business donates an item from their inventory, they must provide an invoice and show the transaction as a sale in their books. Once we receive this invoice we can issue a receipt to the business.
- If a work of art is donated (painting, pottery etc.), the item must be appraised before we can issue a tax receipt to the donor. The appraiser cannot be the actual artist.

- Remember that all money raised through the auction must be used in activities as outlined in Point 1 above.

5. A donation of a “gift certificate” is not considered a charitable donation by Revenue Canada, and thus the Board cannot issue a receipt for such a donation. If a company wishes to donate a gift certificate they must actually donate the cash value of the certificate. The school would then purchase the gift certificate. It is the donation of the cash that will trigger the issuance of the charitable receipt.

6. Revenue Canada requires that proper accounting records be kept of all donations and the related expenditure. Therefore, it is very important that all our schools have proper accounting systems in place. This is where the use of Quicken will be of benefit. In addition, if the School Council is handling funds, they must also be keeping proper accounting records. It is important to retain all supporting documents outlining how the donated funds have been spent.

7. Please remember that all charitable donations must be submitted to the school by December 31 of the year in which the donation was made. This is to ensure that the donor receives a receipt for the year in which the donation was made. All donations must reach the Board office by the 2nd mailbag of the year, following the year the donation was received.

8. All donations must be posted to the Board’s General Ledger. This is why all donations must be sent to the Board, to the attention of Jandy Hehenkamp, Accounting Analyst. In turn, the school will be forwarded a Board cheque for the amount of the donation.

If the donation was received in the form of a cheque payable to the school, the school must take a photocopy of the cheque and then deposit the cheque into its own bank account.

The school must then issue a cheque to the Board for the amount of the donation. When forwarding the cheque to the Board the school must also forward the copy of the original cheque. If a school receives several cheques they can be summed up and one cheque forwarded to the Board, with copies of the original cheques attached.

For Example: School ‘A’ receives the following cheques as charitable donations, payable to the school:

Donor - Amount  
Mr. Black - 50.00  
Ms. White - 60.00  
Mrs. Gray - 25.00

School ‘A’ deposits the cheques and forwards one cheque to the Board for \$135.00, with copies of the original three (3) cheques.

Any inquiries regarding this information or charitable receipts can be forwarded to the following:

Jandy Hehenkamp, Accounting Analyst, ext. 2129  
Paola Pace-Gubekjian, Superintendent of Finance and Treasurer, ext. 2309