ALGONQUIN COLLEGE

AD29	Gift Acceptance
Classification:	Administration
Responsible Authority:	Director Advancement Services
Executive Sponsor:	Vice President, Advancement
Approval Authority:	Algonquin College Executive Team
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PURPOSE

The purpose of this policy is to provide guidance on the acceptance of charitable gifts to Algonquin College (the College) and on the eligibility of such contributions and gifts to be valid gifts at law and, therefore, eligible for an official charitable donation receipt in accordance with the requirements of the Income Tax Act (ITA) and the administrative practices of the Canada Revenue Agency (CRA).

SCOPE

This policy applies to all employees soliciting gifts on behalf of the College. The College accepts contributions and gifts in support of its charitable purposes. The College is a registered charitable organization under the Income Tax Act (ITA) and is designated as a public College. Its charitable registration number is 888550845 RR 0001.

This policy is subject to the charitable purposes of the College as set out in its Letters Patent issued in accordance with the Corporations Act (Ontario), as amended from time to time, with the said Letters Patent anticipated to be replaced at a future date by Articles of Transition issued in accordance with the Ontario Not-for-Profit Corporations Act.

DEFINITIONS

Word/Term	Definition
At Arm's Length	A relationship where persons act independently of each other or who are not related.
Bequest	Property that a registered charity receives from the will of a deceased person.
Cash or Near Cash Gift	A gift made by payment of money, cheque, money order, gift card or credit card.

Charitable Gift Annuity	An arrangement under which a donor irrevocably transfers property to a registered charity in exchange for immediate guaranteed payments for life at a specified rate depending on life expectancy or for a fixed term.
Charitable Remainder Trust	A gift whereby a donor transfers property into a trust and retains a life interest in the said property but makes an irrevocable gift of the residual interest to a registered charity.
Closely Held Corporate Securities	A company whose common shares are owned by one individual owner or by a small group of controlling stockholders. This contrasts with a widely held stock, in which thousands or even millions of different investors may own shares in a large company.
Contribution	Any transfer of money, property, services, or other items of value from a donor to the College. Without limiting the foregoing, contributions may include transfers for which some consideration is given to the donor in return for the contribution.
Donor Advised Fund / Gift	A gift whereby the donor expresses a preference, desire or request that something be done with the gift by a registered charity, but such expressions are only suggestions by the donor and do not constitute legal obligations on the part of the charity. This, notwithstanding, there is generally a moral obligation on the charity to honour such expressions after accepting the gift.
Eligible Amount of Gift	The amount by which the fair market value of a gift of property exceeds the amount of any advantage received or receivable as a result of the gift. This is the amount for which a registered charity can issue an official donation receipt.
Endowment	A type of restricted fund/gift made by a donor with the requirement that its principal amount (capital) be held by the charity in perpetuity and only the income earned on it be used.
Fair Market Value	The highest price, expressed in dollars, that property would bring in an open and unrestricted market between a willing seller and a willing buyer who are knowledgeable, informed, and acting independently of each other.
Gift / Gift at Law	A voluntary transfer of property without consideration. Gifts include but are not limited to cash, publicly listed securities, real estate, personal property, life insurance, bequests, registered retirement plans (RRSP, RRIF), and Tax-Free Savings Accounts.

Gift Advantage	The total value, at the time a gift is made to a registered charity, of all property, services, compensation, or other benefits that a donor is entitled to receive in relation to the gift. The advantage may be conditional or receivable in the future, either by the donor or a person or partnership not dealing at arm's length with the donor.
Gift Appraisal	The act of estimating or judging the fair market value of a gift in kind as of the date of the donation to determine the amount which can be recorded by a registered charity on an official donation receipt.
Gift in Kind	A gift of property, including artwork, equipment, securities, and cultural and ecological property. Also known as non-cash gifts.
Life Insurance Gift	A gift made by irrevocably assigning the ownership and beneficiary rights of a life insurance policy (either paid up or where premiums remain to be paid) to a registered charity, or by naming a registered charity as the beneficiary of a life insurance policy.
Long Term Fund/Gift	A type of restricted fund/gift made by a donor with the requirement that its principal amount (capital) be held by the charity for a long period of time but not in perpetuity and only the income earned on it used during the designated period.
Not At Arm's Length	A relationship where persons are acting in concert without separate interests or who are related.
Official Donation Receipt	A receipt issued by a registered charity to acknowledge a gift received from a donor, which is prepared for income tax purposes in accordance with the requirements of the Income Tax Act (Canada) and its regulations, as amended from time to time.
Outright Gift	A gift by a donor which is received immediately by a charity.
Planned Gift	A gift by a donor which is a major gift, made in lifetime or at death as part of a donor's overall financial and/or estate planning and often in conjunction with a registered charity. Examples of planned gifts include bequests, annuities, life insurance policies, and residual interests or charitable remainder trusts.
Pledge	A promise to make a gift to a registered charity, which is not a gift. An official donation receipt for a pledge cannot be issued by a registered charity when a pledge is made by a donor, although one can be issued when a donor honours a pledge by making a voluntary transfer of property to the charity.

Private Securities	Securities that are not registered and do not trade on a stock exchange, e.g. shares of a private family company.
Property	Refers to anything tangible, including real estate and other physical items that are contributed to Algonquin College.
Publicly Listed Securities	A negotiable financial instrument that represents an ownership position in a publicly traded corporation (stock), a creditor relationship with a governmental body or a corporation (bond), or rights to ownership as represented by an option.
Real Estate Gift	A gift of real estate, including but not limited to houses, condominiums, buildings, land, and farms, made to a registered charity, which a donor can make outright, can retain a residual interest in, or can use to fund a charitable remainder trust.
Registered Retirement Plan Gift	A gift whereby a registered charity is directly designated as the beneficiary of either a registered retirement savings plans (RRSP) or registered retirement income fund (RRIF) on the death of the donor, or the proceeds of a RRSP or a RRIF are directed to a registered charity on the death of the donor by bequest.
Restricted Fund/Gift	A fund or gift from a donor that is tied to a specific use and not available for the general purposes of a registered charity and/or is to be held for a designated period by the charity.
Services	Refers to services that are supplied to Algonquin College (e.g. Legal advice).
Split Receipting	The method used to calculate the eligible amount of a gift for receipting purposes when the donor has received an advantage (consideration) in return for his or her donation.
Sponsorship	Where a business donates to a registered charity and, in return, receives advertising or promotion of its brand, products or services.
Tax Shelter	A tax shelter includes either a gifting arrangement or the acquisition of property, where it is represented to the purchaser or donor that the tax benefits and deductions arising from the arrangement or acquisition will equal or exceed the net costs of entering into the arrangement or the property.

POLICY

It is the policy of the College to accept contributions and gifts that align with its purpose, vision, mission, and values. Contributions and gifts must align with College priorities. The College has full discretion to decide whether a contribution or gift is acceptable or not, whether such contribution is eligible to be a valid gift at law and for which an official charitable donation receipt can be issued, and reserves the right to decline any contribution or gift, including for the following reasons:

1. there are features or restrictions of the contribution or gift that do not accord with the College's charitable objectives;
2. the contribution or gift could jeopardize the charitable status of the College;
3. the contribution or gift exposes the College to liability or unacceptable risk;
4. the donor applies unacceptable restrictions, conditions or control over the contribution or gift;
5. the contribution or gift may introduce an administrative burden to the College ;
6. the contribution or gift or terms of the gift are illegal, discriminatory or violates any federal, provincial or municipal laws or regulations;
7. the College is unable to honour the terms or restrictions of the contribution or gift;
8. the contribution or gift may require any action on the part of the College which is unacceptable to the College or violates the College's policies and regulations;
9. the contribution or gift requires or stipulates the future employment at the College of any specified person or doing business with any specified company or person;
10. the contribution or gift is for a partial interest in property, unless the College agrees otherwise;
11. the contribution or gift is financially unsound or could expose the College to liability or embarrassment;
12. the donor relies on an appraisal or evaluation provided to the donor by third parties, that is perceived by the College to be inaccurate or unreliable;
13. an appropriate fair market value of the property donated, or the advantage received by the donor cannot be determined, or will result in unwarranted or unmanageable expense to the College in determining such value, or the donor does not agree with the value determined by the College;
14. t he contribution or gift could improperly benefit any individual that is not permitted under the Income Tax Act (ITA) or by Canada Revenue Agency (CRA).

PROCEDURE

Authority to Accept Contributions and Gifts

Contributions that qualify as valid gifts at law for the purposes of the Income Tax Act (ITA) will be receipted using an official charitable donation receipt for income tax purposes in accordance with the administrative practices and current guidelines issued by the Canada Revenue Agency (CRA).

Delegated signing authority for Advancement and Development Agreements is stipulated in BG II-06: Delegation of Contract Signing Authority. The College requires two College Administrator Signatories, identified as Signatory 1 and Signatory 2 in the Signing Authority Matrix, to sign gift agreements.

All contributions that do not qualify as valid gifts for the purposes of the ITA, or gifts for which the donor does not require an official charitable donation receipt for income tax purposes, will be acknowledged using an acknowledgment letter.

Gifts-in-kind, including tangible personal property, equipment, or materials, will be reviewed carefully to determine their suitability for acceptance. Acceptance of such gifts is contingent upon consultation with the academic department, administrative unit, or business area that would benefit from the donation. Prior to formal acceptance, the receiving unit must assess the proposed gift to ensure alignment with the institution's mission, priorities, and program needs, and to confirm that it can be used in a manner that provides a clear institutional benefit and complies with applicable safety and regulatory requirements.

No gift-in-kind will be accepted without confirmation from the receiving unit that it is prepared to assume responsibility for the use, maintenance, and any future costs associated with the gift.

The Office of Advancement (or designated central office) will facilitate this review process and ensure proper documentation is maintained for institutional records and donor stewardship.

All contributions or gifts will be recorded in the College's records in accordance with the donor designation, or in the absence of such designations, they will be designated to a College unrestricted fund.

Contributions or gifts that could introduce consequential risk to the College or damage its reputation will not be sought or accepted.
For further clarity, the definition of a Gift specifically excludes the following types of contributions:

- Services
- Payments for lottery tickets or raffle participation
- Court ordered payments
- Proceeds for purchases of goods or services from the College
- Pledges

- Event sponsorship fees
- Payments provided in exchange for advertising
- Loans to the College, including loan of funds and property
- Provision of free use of property including properties
- Gifts-in-kind for which the fair market value cannot be determined
- Gifts of promises (e.g. gift certificates donated by the issuer and hotel accommodations)
- Payment of fees for basic admission to events

Official donation receipts will not be issued for Gifts received from other registered charities. However, the Gift will be acknowledged in writing by the College.

Issuing Donation Receipts
Management of charitable receipting of Gifts rests with the Advancement Services department of the College. The determination of the receipt value is described in Appendix 2.

The issuance and management of official donation receipts by the College shall be in accordance with the requirements of the Income Tax Act (ITA) and Canad Revenue Agency (CRA). (CRA, "Issuing Receipts" at https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html)

Gifts Subject To Donor Restrictions
The College will use gift agreements to ensure compliance with donors' intentions and legal requirements in Ontario.

	Action	Responsibility
1	**Unrestricted Gifts**– A gift that is not subject to donor restrictions will be held by the College in an unrestricted fund to be applied towards the general charitable purposes of the College. The College will issue a tax receipt upon receipt of the gift.	Advancement Services
2	**Donor's Restrictions**– Donors may impose certain restrictions, acceptable to the College, to be attached to a gift when a gift is made.	Development and Fundraising
3	**Gifts to New Funds**– Should a donor wish to create a new fund for the purpose of their gift, they must discuss their wishes with the College. Once discussed and approved by the College, the fund will be established and added to the College's list of available funds. At this stage, donations to the Fund can be accepted. All gifts received to the fund will be held by the College and disbursed according to the fund terms. The College will issue a tax receipt upon receipt of each gift made to the Fund.	Development and Fundraising & Advancement Services

4	**Gifts to Existing Funds**– A donor may choose to make a gift to an existing College fund. These funds support a wide range of causes, including student support through awards, bursaries and scholarships. Gifts to these funds will be held by the College in each of the specified funds and disbursed according to the fund terms. The College will issue a tax receipt upon receipt of the gift.	Advancement Services
5	**Restrictions Imposed When the Gift is Made**– It is a legal requirement that restrictions must be imposed at the time when the gift is made. A donor cannot impose restrictions after the gift has been made. Should a donor wish to remove restrictions, this must be done in writing, must fit the needs of the College, and can only be done in cases where the funds haven't already been used. If the restrictions are only intended to be in force for a period and be removed after the expiry of the period, this would also need to be set out at the time when the gift is made.	Advancement Services
6	**Restrictions in Writing**– All restrictions that a donor desires to be imposed on a gift must be set out in a gift agreement and approved by the College before the gift is accepted. The College will review the restriction in order to ensure that it is able to comply with the restriction and to clarify its duties in fulfilling the restriction. That being said, the College will consider only those restrictions that will not be unreasonably difficult to administer. The agreement will also generally contain a clause to provide the College with the power to vary the restriction in the event that it becomes impossible or impractical for any reason to fulfill.	Development and Fundraising

SUPPORTING DOCUMENTATION

Appendix 1: Types of Gifts/Contributions (Non-Cash or Typical Gift in Kind)
Appendix 2: Determination of Receipt Value

RELATED POLICIES

PM07: Naming of College Features

APPENDIX 1: TYPES OF GIFTS/CONTRIBUTIONS (NON-CASH OR TYPICAL GIFT IN KIND)

Types of Gifts/Contributions (Non-Cash or Typical Gift in Kind)

- Real Estate (Outright Gift, Residual Interest)
- Life Insurance
- Bequests
- Publicly-Listed Securities
- Registered Retirement Plans
- Other Gifts
- Gifts from Businesses and Sponsorship Fees
- Donation of by Businesses
- Gift Certificates
- Donation of Services
- Fundraising Events
- Through Gifts

Real Estate (Outright Gift, Residual Interest):

Gifts of real estate may be made in the following ways:

- Outright gifts;
- Residual interest in a property - where a property (such as the donor's principal residence or family cottage) is conveyed to the , with the retaining the use of the property for the donor's lifetime or for a period);
- To fund a charitable remainder trust.

The following terms apply to the of outright gifts of real estate and residual interest in a property. The to charitable remainder trusts will be reviewed on a case-by-case basis.

1. The College will consider the ready marketability of the property and the carrying costs before accepting the gift. Various factors, including zoning restrictions, environmental factors, marketability, current use, and cash flow will be considered to ascertain that acceptance of the offered gift is in the best interests of the College.
2. In general, the College will require the donor to enter into a gift agreement with the College for gifts of real estate setting out the terms of the gifts.

3. Before accepting a gift of real estate, the College will undertake such due diligence steps as it determines necessary, including: obtaining an up-to-date survey; conducting a full title search and other necessary off-title searches; conducting a home inspection of the property; ensuring title to the property is good and free from all registered restrictions, charges, liens, and encumbrances; being satisfied that no persons have any claim or interest in the property; conducting an environmental inspection of the property; etc, where applicable.
4. Where it is a gift of residual interest in a property, the College will undertake additional due diligence steps as it determines necessary, including ensuring the donor has clear title to the property being donated; ensuring there are no other rights that anyone has with respect to the property, other than the donor retaining the use of the property; the donor agreeing to take proper care, , up-keep and insurance (as well as all related expenses) of the property during the period of time when the donor retains the use of the property, etc.
5. Costs such as legal fees, appraisals and real estate fees will be the of the donor.
6. The College reserves the right to retain the property or sell it and apply the proceeds towards the charitable purpose of the gift.
7. All donations of property to the College shall be first reviewed in accordance with this Policy and approved by the Vice President, Finance and Administration before being accepted.
8. In general, only gifts of real estate with a market value of more than $250,000 would be accepted. The College may accept real estate with a value of less than $250,000 on a case-by-case basis.
9. For an outright gift, a charitable donation receipt will be issued for the eligible amount of the gift on the date of donation based on the fair market value of the property. For a gift of residual interest, the eligible amount of the gift will be issued on the date of donation based on the present value of the property taking into consideration the interest retained by the donor.

Life Insurance:

1. Gifts of life insurance may be made to the College by irrevocably assigning the ownership and beneficiary rights of a paid-up life insurance policy to the College, by irrevocably assigning the ownership and beneficiary rights of a life insurance policy to the College on which premiums remain to be paid and by naming the College as a beneficiary of a life insurance policy. The following terms apply to acceptance of such gifts:

2. When a life insurance policy is irrevocably assigned to the College, the College becomes the legal of the gifted life insurance policy. All consents required under provincial regulations to be signed to change a beneficiary must also be signed before it is a completed gift.
3. If an assigned policy is not yet fully paid-up, the acceptance of the assigned policy shall be conditional upon the College not having any liability to the insurance company or to the donor with respect to the payment of future premiums, unless otherwise agreed to by the College in advance.
4. If an assigned policy is not yet fully paid-up, the College shall require assurance that the donor will continue to make all donations towards paying future premiums (for which the donor would be entitled to charitable donation receipts as explained below), unless otherwise agreed to by the College in advance.
5. The receipting of gifts of life insurance shall be as follows:
6. Where the assigned policy is a fully paid-up life insurance policy, the College may issue a charitable donation receipt for the eligible amount of the policy's value (i.e., its cash surrender value less any loan outstanding on the policy). When determining the eligible amount of a policy's value, the following factors will need to be considered: (a) cash surrender value; (b) the policy's loan value; (c) face value; (d) the state of health of the insured and his/her life expectancy; (e) conversion privileges; (f) other policy terms, such as riders, double indemnity provisions; and (g) replacement value. Generally, only whole life or universal life policy will have a cash surrender value. life insurance policy cannot be fully paid-up, and the cash surrender value would be nil. The cash surrender value for a new insurance policy would also be nil.
7. Where the assigned policy is not yet fully paid-up, the College may issue a charitable donation receipt for the eligible amount of the policy (i.e., its cash surrender value less any loan outstanding on the policy). The various factors mentioned above will be considered when determining the eligible amount. Where the policy assigned is a term life insurance, the cash surrender value is nil.
8. In addition, if the policy is not yet fully paid-up, the College may issue a charitable donation receipt for donations for the eligible amount of the premium paid, regardless of whether the payment is made directly to the insurance company or to the College, which would in turn pay the premium.
9. Where the College is named as a beneficiary of a life insurance policy, the College may issue a charitable donation receipt when the College receives the insurance proceeds upon the death of the insured. No

charitable donation receipt may be issued upon naming the College as the beneficiary or for premiums paid for such a policy.

10. All donations of life insurance policies to the College shall be first reviewed in accordance with this Policy and approved by the College before being accepted. Financial advice on a case by case basis may also be sought.

Bequests:

A bequest is a provision in a will, directing a gift of property from an estate to be paid to the College. There are several types of bequests accepted by the College:

- A specific bequest – a gift of a specific sum of money or a specific property, such as real estate or securities
- A residual bequest – a gift of all or a percentage of the residue of the estate after having paid gifts to other beneficiaries under the estate
- A contingent bequest – a gift of all or a share of the estate in the event of the prior death of certain other beneficiaries or in the event of certain conditions having been met
- A residual bequest to life interest – a gift of property following the death of certain other beneficiaries who have use of the property in the estate during their lifetime.

A donor may provide that any bequest be held in a fund. The following terms apply to acceptance of such gifts:

1. Sample bequest language will be made available to donors and their lawyers to ensure that the bequest is appropriately documented in the Will.
2. A bequest in the qualifying amounts can be used to create a fund if appropriately provided in the Will and would be subject to the minimum fund terms set out in this Policy.
3. Donors are invited and encouraged to provide to the College about their bequest and, if they so choose, to send to the College a copy of the relevant section of their Will.
4. Any legal, accounting, or other professional fees borne by the College in receiving the bequest from the estate of the donor will be deducted from the gift received.
5. The College does not provide any legal, accounting, tax or financial advice to donors in the preparation of their Will or become involved in the execution or witnessing of a Will in which the College is named as beneficiary. Neither College nor the College may be named as an

executor in a donor’s estate. The College recommends that donors consult legal and tax professional advisors before completing a Will.

6. During the probate of estates containing a bequest to the College and during the post-death administration of testamentary trusts containing dispositive provisions benefiting the College, the Vice-President Advancement and Strategy, in consultation with the College’s legal counsel, shall represent the College in all dealings with the lawyer and executor of the estate. The College will exercise due diligence that the terms of the will are abided by gifts made to the College are received in a timely manner, and the interests of the College are maximized.
7. The College may decline the bequest if, in the discretion of the College, the legal, accounting, or other professional fees associated with administration of the estate exceeds the amount of bequest. The College may also decline a bequest involving an estate that has not been properly administered, and its trustees not having received appropriate compensation.
8. Communications to the College (letters, copies of wills and/or estate accounting summaries) received from executors will be initially reviewed by the College, together with the College’s legal counsel if and as required, to ensure any restricted use(s) imposed on any bequest is not in conflict with the needs or policies of the College. Where a bequest contains a specific restriction on how the said bequest is to be used by the College, the College will honour the said restriction to the extent the same is possible. Where the restriction imposed on the use of the bequest is impracticable or impossible, the College will review with its legal counsel the options available to utilize and/or amend the bequest in accordance with applicable law.
9. Following receipt of the bequest, the College will issue to the estate a charitable donation receipt based on the fair market value of the property.

Publicly-Listed Securities:

Common publicly-listed securities include:

- a share, debt or right listed on a prescribed stock exchange;
- a share of the capital stock of a mutual fund corporation; and
- a of a mutual fund trust.

The following terms apply to acceptance of such gifts:

1. The College generally accepts gifts of publicly-listed securities that have an secondary market, are not subject to a volatile market, and can be readily converted into cash as soon as possible after having received

the gifts. Donors shall bear costs when transferring securities to the College.

2. The date of a gift of electronically transferred shares is the date the shares are received in the College's account. The fair market value of the shares may have dropped between the date of transfer and the date the shares are received in the College's account. Any such loss is borne by the College.
3. A donation of public securities may also be made by transfer of the share certificate. Share certificates should be hand-delivered to the College or sent by registered mail or courier. The date of the gift will be the date the share certificates are delivered to the College and accepted by the College.
4. In general, the value of the securities will be the closing bid price of the share on the date of the gift as set out above. When unusual circumstances are involved in a gift, an independent appraisal may be required to determine the fair market value.
5. In general, except in exceptional circumstances, the College's policy is to liquidate gifts of securities as soon as possible after receipt.
6. The College does not accept stock options to be donated to the College.
7. All donations of securities to the College shall be reviewed in accordance with this Policy and approved by the College before being accepted.
8. Upon confirmation of the receipt of a gift of publicly-listed securities, the College will issue a tax receipt for the eligible amount of the gift based on the value on the day received into the College's account.

Registered Retirement Plans:

Gifts of registered retirement plans include the direct designation of the College as a beneficiary to receive the proceeds of a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF) on the death of the donor or a gift to the College of the proceeds of RRIF or RRSP on the death of the donor by way of bequest. The College accepts such donations subject to the following terms:

- A receipt based on the value of the RRSP or RRIF on the day of death of the donor will be issued for the final tax return.
- RRIFs or RRSPs cannot be transferred to a registered charity during the lifetime of the donor and be eligible for charitable donation receipts. While a donor may withdraw funds from these retirement savings and donate to the College, the donor will need to be cautioned in doing so and be encouraged to seek independent tax advice whether the

charitable donation receipt issued by the College would be sufficient to off-set tax owed on the of the savings. Should there be tax withheld by the financial holding the RRIF or RRSP, a charitable donation receipt may be issued for the net amount of the donation made to the College.

Other Gifts:

There are many types of gifts that may be donated or may evolve with new ways of planned giving from time to time. of these gifts include charitable remainder trusts, stock options, gifts of flow–through shares, gifts of private company shares, charitable gift annuities, charitable remainder trusts, time-share recreational property, etc. It is not possible to include every type of gift in this Policy. Gifts not mentioned in this Policy or other policies of the College will require individual review through the Advancement and Strategy .

Gifts from Businesses and Sponsorship Fees

Sponsorship is when a business contributes to a charity and, in return, receives or promotion of its brand, products or services. If a business receives special recognition for its contribution, or if it receives more than nominal recognition (for example, banners, advertising of products), this usually constitutes sponsorship. Providing sponsorship to a charity or to a charitable event is not a gift, an official donation receipt will not be issued.[1]

Where the College is supported in a sponsorship arrangement, in general, the will be requested to enter into a sponsorship agreement with the College to set out the terms of the sponsorship.

Where an official donation receipt is not required to be provided to a business donor, a business receipt or gift acknowledgement will be provided to the business to acknowledge the College's receipt of the sponsorship.

Donation of Inventory by Businesses:

Special rules apply to donation of inventory by businesses.[2] When a charity receives inventory from a business, its responsibilities are to determine that it has in fact received a gift and to determine the value of the gift. Whether a gift has been received depends on whether the business received any benefit in return.

If the business has "sold" the inventory to the College, no official donation receipt will be issued. If the business transfers the inventory to the College at no charge but obtains a material benefit from the transaction (such as promotion or advertising), then no gift has been made and no official donation receipt will be issued.

If the business has made a true gift of inventory to the College (i.e. the business received no benefit in return whatsoever), an official donation receipt may be issued in accordance with the split-receipting rules. Generally, gifts of inventory are exceptions to the deeming provision when determining the fair market value of the inventory for purposes of gifting the inventory to the College.

Property of little or only nominal value to the donor will not qualify as a gift in kind and therefore is not entitled to an official donation receipt.[3] This would be the case if a business were to donate its obsolete inventory to the College when the business has already written off the value of the obsolete inventory.[4]

The College has no obligation to, and does not, advise businesses of their tax obligations which generally are as follows:

1. The business can deduct the cost of acquiring or producing the item given to the charity from its income.
2. If the business does make a true gift out of inventory, it must add the fair market value of the item to its income and then claim a charitable tax deduction.
3. If the business obtains a material benefit from the transaction, it can probably write off the cost as a business expense.

College does not provide any legal, accounting, tax or financial advice to corporate sponsors or donors. They are encouraged and recommended to seek their own independent legal, accounting, tax or financial advice from professionals.

Gift Certificates:

A corporation may issue gift certificates, vouchers and coupons in support of the College's fundraising events, such as auctions and raffles. When a gift certificate is donated to the College, the College will comply with CRA's administrative position in regard to the circumstances under which an official donation receipt may be issued by the College for the value of the gift certificate received.[5]

In general, an official donation receipt can be issued when the donor is not the issuer of the gift certificate, and the donor has purchased the gift certificate either from the issuer or another . An issuer is the person (individual, retailer or business) that creates the gift certificate. A gift certificate purchased from the issuer and then donated to a charity is considered property and may be receipted for its eligible amount.

An official donation receipt for a gift certificate may be issued only in the following situations:

1. When the holder of a gift certificate that has been issued for consideration (the terms of which permit its assignment) donates the gift certificate to a registered charity, the charity may issue an official receipt to the donor for the eligible amount of the gift.

2. When the issuer of a gift certificate donates it to a charity for no consideration, the registered charity can only issue an official receipt at the time the charity receives property when it redeems the gift certificate. The official receipt may be issued for the eligible amount of the gift of the property to the charity by the issuer.
3. When the issuer of a gift certificate gives it to a charity for partial consideration, the charity may issue an official receipt to the donor for the eligible amount of the gift.
4. The official donation receipt shall specify the nature of the property it received in exchange for the gift certificate, as well as the eligible amount of the gift.
5. Sometimes, the fair market value of a gift certificate may not be the equivalent of its face value. Factors that may affect the fair market value of the gift certificate include:
6. The flexibility of the certificate – does the certificate expire after a certain time, is it usable only within a specific timeframe, does it restrict the purchaser to specific merchandise within the store
7. Its usefulness - does the retailer merchandise for the amount of the gift certificate, or will the certificate account for a portion of regular selling property (for example, a $50 gift certificate at a car dealership)

No official donation receipts will be issued for gift certificates they receive directly from the issuer for no consideration. Such a certificate is not property, but rather a promise. However, when these gift certificates are redeemed for property, official donation receipts can then be issued.

Donation of Services:

Contributions of services (i.e. time, skills, effort) are not property. Therefore, official donation receipts will not be provided for services provided free of charge or for an marked “paid.”[6]

However, an official donation receipt may be issued if a person provides a service to the College, the College pays for the service, and the person then returns the payment to the College voluntarily as a cash gift. In such circumstances, two transactions will need to take place:

1. the provision of a service and the payment of the services provided;
2. the making of a cash gift by the service provider.

These two transactions will need to be conducted by way of an exchange of cheques to ensure the presence of an audit trail, as the donor must account for the taxable income that would be realized either as remuneration (in which case the charity may also be required to issue a T4 slip) or as business income. A copy of the invoice issued by the service provider will be retained on file.

Fundraising Events:

Issuing receipts for various fundraising events may be subject to special rules, including fundraising dinners, charity auctions, lotteries, raffles, draws, concerts, shows and sporting events, golf tournaments, and membership fees.[7]

Pass Through Gifts:

The College does not accept gifts made through tax shelters.

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[1] , *Sponsorship*, https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/sponsorship.html
[2] CRA, *Gifts Out of Inventory,* https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-018-gifts-inventory.html
[3] CRA, P113(E) Rev.18, *Gifts and Income Tax 2018* at https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/p113/p113-gifts-income-tax-2016.html.
[4] CRA, *Gifts Out of Inventory,* https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-018-gifts-inventory.html
[5] CRA, *Donation of Gift Certificates or Gift Cards Guidance, CG-007, August 15, 2011* http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/gftcrt-eng.html. See examples in this Guidance.
[6] CRA, Policy Commentary CPC-017, *Gifts of Services*, March 29, 2000 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cpc/cpc-017-eng.html; Summary Policy CSP-S03, *Services*, October 25, 2002 http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp/csp-s03-eng.html)
[7] CRA, *Fundraising Events - Issuing Receipts*, https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/fundraising-events-issuing-receipts.html/a>

APPENDIX 2: DETERMINATION OF RECEIPT VALUE

Fair Market Value

The duty to accurately determine the fair market value of donated property lies with the College. The fair market value of a gift-in-kind as of the date of the donation must be determined before an amount can be recorded on an official donation receipt. If the fair market value of an item cannot be reasonably determined, a charitable donation receipt will not be issued.

The College accepts that if the fair market value of an item can be reasonably determined or is less than $10,000, a third-party appraisal may not be required. However, if the fair market value of an item is greater than $10,000, with the exception of automotive items, one or more independent appraisals, at the expense of the donor, will be required to determine the fair market value of donated property. Should the College choose to incur the cost of an appraisal, said amount would be deducted from the official donation receipt amount.

Independent Appraisals

Where the fair market value of a donated property (e.g. gifts-in-kind, private securities and other business interests, real estate, etc.) needs to be determined by an independent appraisal, the following procedure will be followed[1]:

1. The appraiser must be

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    - a qualified independent appraiser, valuator or other individual who is accredited in the field;
    - knowledgeable about the principles, theories, and procedures of the applicable valuation discipline and follow the Uniform Standards of Professional Appraisal Practice or the standards of the profession
    - have expertise in the property that is being appraised, as well as knowledgeable about and active in the marketplace for the specific property;
    - independent (i.e. not be associated with the donor, The College, or another party associated with the purchase, sale, or donation of the property); and
    - knowledgeable about the elements of a properly prepared and credible valuation report.

2. Employee of the College as appraiser:
   If it is difficult to find an independent appraiser or if doing so would involve unreasonable expense, the College will accept a valuation by a qualified employee of the College gifts in excess of $10,000. Evidence of attempts to secure a qualified

independent appraiser or evidence of excessive expense must be provided.
Where the gift is $10,000 or less, the College will accept a valuation made by an employee, provided that the employee is knowledgeable in the field and is qualified to establish the value of the gift.[2] For example, where the College receives a second-hand appliance, one of its employees may develop sufficient knowledge of the value of such an item by visiting stores that sell second-hand appliances in similar condition to the one being donated.

3. The appraiser will be required to provide an appraisal report to the College. The appraisal or evaluation report should be based on the principles, theories, and procedures of the applicable valuation discipline and follow the standards of the profession. The report has to be an estimate of the fair market value of the property as of the date of donation.

4. For gifts greater than $10,000, the College will endeavour to seek an independent appraisal.

Split Receipting Rules

The split-receipting rules require the College to issue a donation receipt only for the receiptable portion of a gift, called the "eligible amount" of a gift. Split receipting is the method used for calculating the eligible amount of a gift for receipting purposes when the donor has received an advantage (i.e., a consideration or a benefit) in return for the donation.

To determine the eligible amount for receipting purposes, the value of the advantage must be subtracted from the value of the gift. If the fair market value of the gift or the amount of the advantage cannot be ascertained, no receipt can be issued. The College will ensure that the following requirements are met:

1. **Voluntariness** - The gift must be donated voluntarily by the donor.

2. **Eligible amount** - Only the "eligible amount" of a gift can be receipted. The eligible amount of a gift is the difference between the fair market value of the gift and the amount of the advantage. To ascertain the eligible amount of the gift, the charity is required to accurately determine the fair market value of the property and the amount of any advantage.

3. **Advantage** - The "amount of advantage" includes the value of any property, service, compensation, use or other benefit that the donor or a person who does not deal at arm's length with the donor has received, obtained or enjoyed, or is entitled (either immediately or in the future, either absolutely or contingently) to receive, obtain, or enjoy that is (i) in consideration of, (ii) in gratitude of, or (iii) in any other way related to the gift.

4. **Intention to donate** - The donor must have a clear intention to donate the property to the College. If the amount of the advantage does not exceed 80% of the fair market value of the donated property, then the fact that the donor obtained an advantage from the College will not necessarily disqualify the transfer from being qualified as a gift. If, however, the

amount of an advantage exceeds 80% of the fair market value of the transferred property, then the donor will have the onus to prove to CRA that they have the intention to donate the property.

5. ***De minimis* threshold** - Where the amount of complementary advantage received by the donor is of insignificant value, CRA is prepared to accept an administrative *de minimis* threshold for the value of the benefit that is equal to the lesser of 10% of the value of the donated property and $75.

6. **Deeming of fair market value** - Under some situations, the fair market value of the property donated would be "deemed" to be the lesser of (i) the "fair market value of the property, and (ii) the cost (or the adjusted cost base in the case of capital property) of the property to the donor immediately before the gift is made. The deeming provision does not apply to gifts made as a consequence of a taxpayer's death; gifts of inventory; gifts of real property situated in Canada; gifts of certified cultural property (special valuation procedures apply); and gifts of certain publicly-traded securities.

7. **Perpetual Endowment Funds** – Given the need for the College to provide funding on a regular and consistent basis, as well in the event of urgent need from time to time, the College no longer actively pursues perpetual endowment funds i.e. funds which require the capital of the fund to be held by the College in perpetuity, with the income to be used at the discretion of the College's Board of Directors or for a specific purpose designated by the donor or to meet statutory disbursement requirements. However, should a donor specifically request the establishment of a perpetual endowment fund, the College will consider the request on an individual basis. A donation of at least $15,000 is required in order to establish a Perpetual Endowment Funds

8. **Long Term Restricted Funds** – The College or a donor may establish a fund with the capital to be held for a long period of time, rather than to be held in perpetuity. Such a fund will be referred to as a "long term restricted fund", not an "endowment fund". The income (on a total return investment strategy, subject to the wording of any applicable gift agreement) will be used at the discretion of the College or for a specific purpose designated by the donor or to meet statutory disbursement requirements. The College will not be permitted to disburse the capital of the long-term fund for the period of time designated by the donor. At the end of this period, the capital may be disbursed in accordance with the restrictions imposed by the donor. Should the College be wound up before the expiry of this period, the long term fund would need to be transferred to another Canadian registered charity, which would be required to continue holding the long term fund until the expiry of the said period, and applying the income from the long term fund in accordance with the restrictions imposed by the donor when the fund was first established. A donation of at least $15,000 is required in order to establish a named long-term fund at the College.

9. **Investment** - Funds held by the College are to be invested in accordance with the College's investment policy and subject to the Ontario *Trustee Act*, unless there are specific requirements imposed by the donor.

Gift Acknowledgement: The College will provide appropriate acknowledgment and recognition for all gifts made to the College. Correspondence prepared and issued by the College, together with an official tax receipt, shall be deemed to be official acceptance and acknowledgment of the gift.

Anonymous Donors: The College will respect and observe the wish of a donor to remain anonymous with respect to gifts made to the College, both with respect to being publicly identified as a supporter of the College and having the amount of their contribution disclosed. However, the College reserves the right to disclose the identity of the donor and the type and value of the gift where it is required to do so by law.

Returning a Gift: In general, once a gift has been received by the College and an official donation receipt issued, the property becomes a charitable asset and cannot be returned to the donor at law. Nevertheless, if a gift is returned to a donor for whatever reason, the following steps will be taken to comply with the policy of CRA: a revised receipt will be issued to the donor and a copy of the revised receipt will be sent to CRA when the amount of the returned property is more than $50. An information return will also be filed with CRA within 90 days after the day the property is returned if an official donation receipt was issued for the original property, and if the returned property has a fair market value of more than $50.[3] Where necessary, legal advice may be sought.

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[1] CRA, P113(E) Rev.18, *Gifts and Income Tax 2018* at https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/p113/p113-gifts-income-tax-2016.html.

[2] CRA, *Determining Fair Market Value of Non-cash Gifts* at https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/determining-fair-market-value-gifts-kind-non-cash-gifts.html

[3] CRA, *Qualified donees – Consequences of returning donated property Guidance*, CG-016, October 19, 2012 at http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/rtrng-dntd-prpty-eng.html