



CAMP MAPLE LEAF

Est. 1955

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This information is being provided to assist those groups and individuals who support Camp Maple Leaf fundraising initiatives and/or have generously identified Camp Maple Leaf as their charity of choice for the proceeds from fundraising activities and wish to issue tax receipts to participants and donors. The tax receipt information is based on the requirements of the Canada Revenue Agency. For additional detail please go to the CRA website's Charities and Giving section at

<http://www.cra-arc.gc.ca/tx/chrts/menu-eng.html>

Canada Revenue Agency is very specific about the conditions under which Camp Maple Leaf (the charity) may issue a tax receipt. It is important that businesses/corporations/individuals organizing and operating any fundraising events (called Third Party Events) where the proceeds are to be donated to a charitable organization understand these restrictions before they begin to plan the event.

Tax receipts may only be issued to the individual/business donating the funds to the charity. In the case of third party events there are two ways in which tax receipts may be issued:

1. The business/corporation/individual organizing and operating the event collects all of the proceeds, and bears all of the costs of the event. The business/corporation/individual then issues a cheque to the charity for the net proceeds of the event. The tax receipt is issued in the **business/corporation/individuals name**.
2. The business/corporation/individual organizing the event does so through a partnership agreement with Camp Maple Leaf. Under this arrangement donors and participants register and pay the registration fees or donation through our on-line registration/donation software. All funds are deposited directly to the Camp Maple Leaf bank account. Camp Maple Leaf provides the business/corporation/individual with funds to assist in the organization of the event. **Tax receipts are issued directly** through the on-line software **to the registrants and donors**. A database of registration information is shared with the organizers at regular intervals throughout the process to support planning activities. Camp Maple Leaf will provide a full reconciliation at the end of the event showing monies received, tax receipt totals, advances to the organizers, and any funds owing to the organizers.

If our on-line registration/donation software cannot be used by a participant or donor, the organizers are required to keep a list including name, address, postal code, telephone number, e-mail address for each person or corporation registering or purchasing tickets for an event.

NOTE: Camp Maple Leaf is not permitted to issue receipts in the name of individuals for whom a corporation has paid the registration fee or ticket price.

A tax receipt cannot be issued for the entire event registration fee or ticket price. Canada Revenue Agency requires the deduction of the cost of any service or benefit derived as part of the registration fee or ticket price. For example, in the case of golf tournament registration fees, the cost of green fees, carts, meals, gifts must be deducted from the registration fee to determine the value of the tax receipt.

	Golfer Registration Fee	\$175
Less	Green Fees	\$35
	Cart	\$25
	Meals	\$25

Gifts	\$30	<u>\$115</u>
Tax receipt portion of Registration Fee		\$60
Gifts in Kind (gifts in kind)		

Camp Maple Leaf may issue tax receipts to businesses or individuals providing prizes for the events if the prize is accompanied by an invoice for the **net value** (cost of the goods without markup, shipping, taxes).

If a receipt is being issued for a gift in kind (non-cash gift), it must reflect the fair market value of the gift.

Fair market value is normally the highest price, expressed in dollars, that property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other.

Generally, if the fair market value of the property is less than \$1,000, a member of the registered charity, or another individual, with sufficient knowledge of the property may determine its value.

The person who determines the fair market value of the item should be competent and qualified to evaluate the particular property being donated.

If the fair market value is expected to be more than \$1,000, we strongly recommend that the property be professionally appraised by a third party (that is, someone who is not associated with either the donor or the charity).

If the property is appraised, the name and address of the appraiser must be included on the official donation receipt.

Corporate Sponsorships

The Canada Revenue Agency does not permit a charity to issue tax receipts for sponsorships of events.

Providing sponsorship to a charity or to a charitable event is not a gift, and a charity generally cannot issue a tax receipt for sponsorship.

Sponsorship is when a business makes a donation to a charity and, in return, receives advertising or promotion of its brand, products or services.

A charity is certainly allowed to thank its donors. If a business receives the same level of recognition as all other donors, with no special treatment, and the recognition is nominal, this usually constitutes a simple acknowledgment, and a receipt may be issued for the full amount of the donation.

However, while a simple "thank you" is not an advantage, advertising is. If a business receives special recognition for its donation, or if it receives more than nominal recognition (for example, banners, advertising of products), this usually constitutes sponsorship. It is difficult, if not impossible to establish a fair market value for sponsorship, and when the fair market value cannot be determined, a receipt cannot be issued.

Donations Directed for Use by Specific Individuals or Families

A registered charity cannot issue an official donation receipt if a donor has directed the charity to give the funds to a specified person or family. In reality, such a gift is made to the person or family and not to the charity. However, donations subject to a general direction from a donor that the gift be used in a particular program operated by a charity are acceptable, provided that no benefit accrues to the donor, the directed gift does not benefit any person

not dealing at arms' length with the donor, and decisions regarding utilization of the donation within a program rest with the charity.

Gifts of services

A charity cannot issue a receipt for a gift of service. At law, a gift is a voluntary transfer of property without consideration. Contributions of services (for example, time, skills, effort) are not property. Therefore, they do not qualify as gifts for the purpose of issuing official donation receipts.

If a charity pays a service provider for services rendered and the service provider then chooses to donate the money back, the charity can issue a receipt for the monetary donation (this is often referred to as a cheque exchange). In such circumstances, two distinct transactions must take place:

1. a person provides a service to a charity and is paid for that service; and
2. that same person makes a voluntary gift of property to the charity.

What types of transactions generally do not qualify as gifts?

- a court ordered transfer of property to a charity;
- the payment of a basic fee for admission to an event or to a program;
- the payment of membership fees that convey the right to attend events, receive literature, receive services, or be eligible for entitlements of any material value that exceeds 80% of the value of the payment;
- a payment for a lottery ticket or other chance to win a prize;
- the purchase of goods or services from a charity;
- a donation for which the fair market value of the advantage or consideration provided to the donor exceeds 80% of the value of the donation;
- a gift in kind for which the fair market value cannot be determined;
- donations provided in exchange for advertising/sponsorship;
- gifts of services (for example, donated time, labour);
- gifts of promises (for example, gift certificates donated by the issuer, hotel accommodation);
- pledges;
- loans of property;
- use of a timeshare; and
- the lease of premises.

Cash Receipts and Tax Receipts

For internal control the functions of Cash Receipt and Tax Receipt are separate. This segregation of duties minimizes the risk of fraud, misappropriation of funds or the potential damage from the actions of one person

1. Tax Receipts - recorded & issued by Communications Co-ordinator
 - a. Tax receipt not issued for donations \$20 or less
 - b. On-line donations receive Tax Receipt immediately (functionality of software)
 - c. Tax Receipts for Cash or Cheque donations will be issued semi-annually (June 30th and December 31st) in accordance with all Canada Revenue Agency requirements.
2. Cash Receipts - reconciled and recorded by Finance
 - a. Cash/Cheques received at/from Camp Maple Leaf fundraising events, not Third Party events
 - i. Prior to the event monies received should be processed according the "CASH RECEIPTS PROCEDURES"
 - ii. Prior to each event 2 individuals (Banyan Financial Staff & Volunteer) will be assigned to handle incoming cash at the event.

- iii. Participants at event or monies delivered to 681 Main, will be issued an "Unofficial Receipt" for cash/cheques received. This receipt is for cash control only and not for Tax purposes.
- iv. Event proceeds collected will be counted and recorded by these individuals and then verified by accounting when submitted. All parties should sign and date the record.

Internal/External audit processes as well as CRA Charitable Donation Reporting require:

- All Tax Receipts are numbered for control and cross reference
- All Tax Receipts are signed by an authorized signatory of the corporation
- All Cash Receipts are recorded and classified by the type of donation
 - i. Donation - Receipted
 - ii. Donation - Non-receipted
 - iii. Sponsorship
 - iv. Fundraising

Tax Receipts & Cash Receipts are reconciled June 30, December 31 and March 31, to coincide with CRA Charitable return reporting.

It is difficult to control situations where an individual entrusts a Banyan representative with cash/cheques for deposit outside of span of control discussed above. Finance has no means of knowing when such a situation takes place in order to adequately control & track. Firstly, Banyan employees should strongly recommend the individually deliver the cash/cheque to 681 Main and obtain a Receipts for both their and Banyan's records. Also, recommend certain Banyan employees be designated as representatives to accept cash/cheque donations outside of an event venue or 681 Main, with the ability to issue an "Unofficial Receipt".