

TAX RECEIPTING AND DONATION POLICY

POLICY

POLICY FOR ISSUING CHARITABLE DONATION INCOME TAX RECEIPTS

Start Me Up Niagara, like all other registered charities, must adhere to the Canada Revenue Agency (CRA) Income Tax Act when issuing charitable tax receipts. Detailed guidelines can be found on CRA's Charities and Giving website: www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html

For more information about receipting, please contact Start Me Up Niagara's Resource Development Manager at resdev@startmeupniagara.ca 905-984-5310, ext. 102

EFFECTIVE DATE AND CHANGES

This Policy is effective as of January 1st, 2024.

In the event of any future changes to this Policy, the date of the changes made will be included in this section.

DEFINITIONS

A. BUSINESS

1. Gifts in Kind

In general, there is no benefit to a business to obtain a charitable donation tax receipt for a donation of items from inventory. Such contributions are considered a business expense. Start Me Up Niagara will provide a letter acknowledging the items donated. However, if a business requires a charitable donation receipt, Start Me Up Niagara will endeavour to accommodate the request.

A business that donates inventory can deduct the cost of the inventory as a business expense. If a charitable donation tax receipt is requested by the business, then they are required to include the fair market value of the donated property as income, which is then offset by the deduction of the charitable donation. As a result, no benefit is obtained from the charitable donation tax receipt.



2. Services

Canada Revenue Agency disallows donations of services for charitable donation tax receipts. Contributions of services (including Gift Certificates) are not property and do not qualify as gifts. The business can bill Start Me Up Niagara for the service and receive payment (if approved within the budget of the Event), at which time the business can donate back the amount received for the service. The business (donor) must account for the services as business income.

3. Cash/cheques

A charitable donation tax receipt will be issued by Start Me Up Niagara for regular donations of money, if requested. The minimum amount for a receipt is determined from time to time by Start Me Up Niagara.

4. Sponsorship

If a business sponsors a fundraising event, under the Canada Revenue Agency rules, Start Me Up Niagara cannot issue an official charitable donation tax receipt, because the sponsor is receiving a significant promotional benefit. Start Me Up Niagara will provide a letter of acknowledgment as a receipt for the sponsorship.

B. INDIVIDUALS

1. Gifts in Kind

Where Start Me Up Niagara agrees, a charitable donation tax receipt can be issued for items donated by individuals, which are accompanied by a receipt of purchase from the original supplier, or appraisal. If the item was purchased within three years, the receipt will be the lesser of the cost or fair market value. A charitable donation tax receipt will not be issued for auction items in which the value of the item is not clearly ascertainable. This includes dinners at a private residence or certain personal items such as sports paraphernalia.

Start Me Up Niagara is responsible for reporting the fair market value of the gift in kind on the official charitable donation tax receipt. Canadian Revenue Agency indicates that the fair market value is the “highest price in dollars that the property would bring in an open and unrestricted market” between a willing buyer and seller who are both informed, prudent and knowledgeable and acting at arm’s length. In order to determine the fair market value of a gift in kind, an independent appraisal is required for items over \$1,000.00. For individuals who make artwork for a hobby, only the value of the inventory used to make the art piece is eligible for a charitable donation tax receipt. (Time cannot be factored in the value).



2. Art Donated to Start Me Up Niagara for Auctions

A charitable donation tax receipt can be issued for art over \$1,000 if there is a letter of appraisal from an independent retailer verifying the value. For art under \$1,000 a receipt of purchase must be provided to clearly indicate the fair market value. For art purchased within the past three years, the receipt will be the lesser of the FMV or the Purchase price.

For individuals who make art for a hobby, only the value of the inventory used to make the art piece is eligible for a charitable donation tax receipt. (Time cannot be factored in the value).

3. Services

A charitable donation tax receipt cannot be issued for services, since Canada Revenue Agency disallows it.

The individual can bill the charity for the service and receive payment, at which time the individual can donate back the amount received for the service. The individual must report the service as taxable income. Gift certificates for services cannot be receipted. The amount must be included in the budget for prize acquisition per event.

4. Cash/cheques

A charitable donation tax receipt will be issued by Start Me Up Niagara for regular donations of money. All information regarding the donor must be attached.

A charitable donation receipt can only be issued to the issuer of the cheque.

Unless the cheque issuer acts as an agent for collecting and remitting donations from various persons/parties (i.e., an employer of an employee fundraising initiative). Donation receipts can be issued to the persons/parties provided that the nature of the monies can be receipted and a complete and legible list of donor information (donor name, address, and postal code) is provided to Start Me Up Niagara.

A donation receipt cannot be issued in another name (i.e., on behalf of someone).

5. Securities:

A charitable donation tax receipt will be issued by Start Me Up Niagara for the closing value of the publicly traded security on the day Start Me Up Niagara receives the security, net of any brokerage charges incurred.



C. ART DONATED TO START ME UP NIAGARA

Start Me Up Niagara will not accept art as a donation to the agency for tax receipting unless the artwork is needed by the agency and such need has been confirmed by SMUN Management.

SMUN must provide a letter of acknowledgment of the art describing the picture and the location it was used in the facilities.

In order for a charitable donation tax receipt to be issued over \$1,000, Start Me Up Niagara requires an appraisal letter from an Art Appraiser who belongs to the Professional Art Dealer Association of Canada. The necessary information of the donor's full name, address and telephone number is required for processing the charitable donation tax receipt. For art purchased within the past three years, the receipt will be the lesser of the FMV or the Purchase price.

If the Canada Revenue Agency determines the donation is not a true gift or the appraisal value is inflated, the donation claim will be disallowed or adjusted, and penalties can apply.

D. DONATIONS FROM A THIRD-PARTY FUNDRAISER

As per Canada Revenue Agency (CRA), where a transfer of property constitutes a gift for tax purposes, the charity is entitled, pursuant to Income Tax Regulations 3501 (1h) to issue an official receipt for income tax purposes to the donor. The donor may only claim a tax credit in respect of a charitable gift made directly by him/herself.

The Coordinator of a Fundraiser appears to be acting as an "Agent" for the persons (donors) whom the funds are collected. The property transferred to the charity is the property of the persons from whom the gifts were collected on the understanding it would be given to a charity. Those persons are entitled to a charitable receipt within the guidelines of charitable tax receipting rules applicable to events.

It is Canada Revenue Agency's (CRA) view that where a Coordinator of an Event collects funds from the general public and pays the amount to a registered charity, the Coordinator would not be the person entitled to a charitable donation receipt.

E. OTHER CHARITIES



Start Me Up Niagara will not issue official charitable donation tax receipts to other charities (per Canada Revenue Agency regulation).

F. RECEIPTS FOR TICKETS TO FUNDRAISING EVENTS

1. Tickets

In accordance with Canada Revenue Agency, Start Me Up Niagara must calculate the portion of the purchase price that is eligible for an official charitable donation tax receipt by determining the fair market value of admission to the fundraising event.

A Fundraising event should only have door prizes or gifts, which have a nominal value where the fair market value does not exceed the lesser of \$75.00 or 10% of the amount of the ticket.

Start Me Up Niagara cannot issue a charitable donation tax receipt to people who buy items at an auction, unless the payment exceeds 125% of the fair market value of the item and the value is clearly ascertainable and made known to bidders in advance.

Canada Revenue Agency allows the 25% “premium” paid as a charitable donation. A bid below 25% is considered by Canada Revenue Agency as the recipient receiving something in return and therefore there is no “gift of a donation”.

2. Golf Tournaments

Canada Revenue Agency considers fundraising golf tournaments as “like events” within the meaning of the Interpretation Bulletin 110R3. This means a charity can issue a tax receipt for the difference between the price of the admission ticket for the tournament and the fair market value of the golf games, plus any other entertainment and meals received by the players. Special rules apply if the person playing is a member of the club and would not have to pay green fees.

G. ISSUING CHARITABLE DONATION RECEIPTS

1. The information on an official charitable donation receipt must be readable and not easily altered.

Receipts for cash gifts must have the following:

A statement that it is an official receipt for income tax purposes



The name and address of Start Me Up Niagara as on file with Canada Revenue Agency (CRA)

A unique serial number

The registration number issued by CRA

The location where the receipt was issued (city, town, municipality)

The date or year the gift was received

The date the receipt was issued

The full name, including middle initial, and address of the donor

The amount of the gift

The amount and description of any advantage received by the donor

The eligible amount of the gift

The signature of an individual authorized by the charity to acknowledge gifts – the Executive Director

The name and website address of CRA

Receipts for non-cash gifts (gifts in kind) must have the following:

The date the gift was received

A brief description of the gift received

The name and address of the appraiser as indicated in Section B 1).

The amount must reflect the fair market value of the gift

If the fair market value of the gift cannot be determined, then an official donation receipt cannot be issued

2. The minimum amount required for charitable income tax receipt for Start Me Up Niagara is \$20.00, unless otherwise requested.

3. Start Me Up Niagara is required to keep copies of receipts for two calendar years after the end of the calendar year to which the receipt applies.

4. Start Me Up Niagara is required to maintain proper books and records supporting any official donation receipts issued, and provide access to those books and records to CRA upon request. If failed to do so, CRA can revoke the status of a qualified donee and suspend the receipting privileges.



POLICY REVIEW

Start Me Up Niagara shall review this Policy annually to ensure application and compliance.