
National Sport Trust Fund Manitoba Chapter Operating Manual

For information contact:

Manitoba Chapter Manager – Sport Manitoba

200 Main Street

Winnipeg, Manitoba

R3C 4M2

www.sportmanitoba.ca

Phone: 204-925-5605

Email: info@sportmanitoba.ca



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Acknowledgements

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Introduction to the National Sport Trust Fund

The National Sport Trust Fund (NSTF) is a program of the Canadian Council of Provincial and Territorial Sport Federations (CCP&TSF) which permits sport organizations from across Canada to raise funds for specific causes that will promote the development of amateur sport on a national level.

The CCP&TSF is a Registered Canadian Amateur Athletic Association (RCAAA) with the Canada Revenue Agency. The mission of the CCP&TSF is to provide means for Canada's Provincial and Territorial Sport Federations to network, enhance their effectiveness and manage the NSTF.

As a RCAAA, the CCP&TSF are able to issue an official tax receipt to all qualifying donations of \$50 or greater that contribute to deserving, approved projects. Sport Manitoba is the Fund Manager in Manitoba.

In order to participate in the NSTF, sport organizations must adhere to specific guidelines and procedures.

Eligibility to participate

In order to access the National Sport Trust Fund for fundraising purposes sport organizations must be:

1. A provincial sport federation (e.g. Sport Manitoba) recognized by the CCP&TSF
2. A member Provincial sport partner recognized by Sport Manitoba.
3. A current registered member of a Provincial sport partner.

Note: Provincial sport partners must be in compliance with Sport Manitoba's terms and conditions of funding. Club members must be in good standing as defined by their Provincial sport partner.

Requirements of participation

- Must meet one of the above three eligibility criteria and be an incorporated not for profit organization.
- Organizations are required to read, understand and abide by the guidelines of the fund.
- Appoint a volunteer and or staff to act as the Project Fund Administrator to liaise with the Provincial Fund Manager.
- Fundraising proposals originating at the club level must first obtain endorsement from their respective Provincial sport partner prior to sending in for consideration. This endorsement verifies that the club is a member in good standing, has appropriate accounting controls in place, and that the fundraising methods and the proposed use of the proceeds are acceptable.
- Fundraising proposals from a Provincial sport partner or an endorsed club proposal must be approved at a Provincial sport partner board meeting. A copy of the minutes with the Board Resolution approving the project is required with your application in order to confirm your organization's commitment to the project's implementation or in the case of a club the board endorsement from the Provincial sport partner.
- Promote the NSTF in a consistent manner in keeping with the guidelines of this fund.

Application Procedure for Projects

- Submit a “Fundraising Project Application Form” to the NSTF – Manitoba Chapter a minimum of 4 weeks prior to the commencement of the project (see appendix A). The deadline is increased to a minimum of six weeks for projects that exceed \$50,000. The initial intake date for the NSTF – Manitoba Chapter project is May 31, 2008. After this initial intake date the four or six weeks timelines are in effect for applications.
- Describe how the project falls within the CCP&TSF’s mission to promote amateur athletic programs of provincial/territorial sport organizations on a nation-wide basis throughout Canada.
- Organizations are required to read, understand, and abide by the guidelines and procedures as described in this manual.
- Provide a project budget.
- Enclose samples/drafts of the promotional material to be circulated where the NSTF name is present.
- Fundraising projects that exceed \$50,000 will be reviewed by the NSTF Manitoba Adjudication Committee to verify, on behalf of the National Sport Trust Fund, the bona fide nature of the project and the proposed usage of the proceeds. The Fund Manager will review projects under \$50,000.
- Upon approval a project number will be assigned and must be visible on all correspondence and donations submitted.
- The NSTF Manitoba Chapter Fund Manager will provide written notification back to the applicant upon acceptance or rejection.
- *Solicitation of Funds may not occur until approval of the project has been received.*

Types of Allowable Projects

- Projects that aim to promote the development of amateur sport on a national level and ensure quality-sporting opportunities will continue to be available.
- Examples are programs that highlight the development of athletes, coaches, officials, volunteer administrators and infrastructure. Such as: a scholarship fund to assist athletes that contributes to meet both sport and academic goals, a Canada Games fund to cover costs of team development, club development fund, capital costs, facility costs, or equipment costs.
- All monies for a project must be used for the purpose as outlined in the project proposal and approved by the NSTF – Manitoba Chapter. It is appropriate to use a portion of the funds allocated to the project administration costs (must not exceed 20%).

Administration of a Project

Receiving donations: all donations must be made payable to the National Sport Trust Fund – Manitoba Chapter and be accompanied by the Donor Contribution letter (see appendix B). The project fund administrator collects the donations/forms and submits monthly to the NSTF – Manitoba Chapter along with a donor summary sheet (including full names, addresses, emails, donation amount and donation date). Donations made payable to the Provincial sport partner or club will not be accepted.

Gifts in kind donations must be received with a Gift in Kind Donor Form (see appendix C) and required supporting information. Once received, the donation will be reviewed by the Fund Manager to determine whether the donation qualifies. The Fund Manager will communication with the donor and project administrator should a donation not qualify.

Service fees: Fees for utilizing the NSTF program are deducted from qualifying donations when granting funds are distributed. The current fee schedule for processing each individual donation is as follows: the fund retains 5% of all qualifying donations for application towards administrative costs. Service fees will be reviewed quarterly and may be subject to change.

Fees for specialized gifts: fees for gifts of securities, insurance and annuities will vary and may include:

- Brokerage fees for the sale of securities.
- Management fee to NSTF Manitoba Chapter equal to 5% of the total value of the donated stocks charge.
- Consulting fees relating to completing the transactions with the donor for securing gift, when required.

Issuing of official receipts:

- Tax receipts will be issued for the date on which the donation was received by the NSTF. For example, if a donor mailed a donation near the end of 2007 and the NSTF received the donation in early 2008, the tax receipt will be dated for 2008.
- Receipts are issued at minimum quarterly and mailed directly to the donor.
- Should the project administrator wish to include a thank you letter with the tax receipt, arrangements must be made in advance with the Provincial Fund Manager.

Reporting Procedures

Granting Funds: Funds will be released to qualifying projects within one month upon receipt and review of a Grant Request Form by the organization (see appendix D). The Fund Manager will review Grant reports under \$50,000. The NSTF Manitoba Adjudication Committee will review Grant reports over \$50,000.

Interim Report: All projects under the NSTF will be required to file an interim report at the halfway report of the project and with each grant request form (see appendix E).

Final Report: Project administrator is responsible for ensuring that donor wishes and project objectives are met. Upon conclusion of the project, a final report must be filed with the Fund Manager (see appendix E).

General Books and Accounts: The accounting records relating to the fundraising project must be properly maintained and filed by the applicant for a period of six (6) years and must be made available for review, inspection and audit by the Provincial Fund Manager on behalf of the NSTF Manitoba Chapter or by Canada Revenue Agency.

The following records and documents must be kept.

- Approved fundraising project application and approval letter.
- Project reports
- Copy of NSTF Manitoba Chapter cheques to applicant for fund release.
- Bank statements showing deposits and disbursements relating to the fundraising project.
- General books and accounts containing transactions relating to the fundraising project.
- Expenditure receipts
- Financial statements for the fundraising project.

Qualifying Donations

To maintain the CCP&TSF designation with Canada Revenue Agency it is essential that official receipts are issued only for qualifying gifts and that the donated funds are used for qualifying purposes. A completed Donor Contribution Letter must accompany all donations.

Types of donations that **may** be received by the National Sport Trust Fund:

A gift is a voluntary transfer of property without valuable consideration. A gift may be processed if all three conditions below are satisfied:

1. Some property, usually cash, is transferred by a donor to the NSTF; and
2. The transfer is voluntary; and
3. The transfer is made without expectation of return. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value.

The National Sport Trust is able to process all of the following types of gifts.

- a) Cash
- b) Securities
- c) Insurance
- d) Annuities
- e) Bequests

It is recommended that any project anticipating receiving a donation in the form of a gift of securities, insurance, or annuities, contact the Fund Manager prior to acceptance for additional details and to ensure appropriate tax consultation has taken place with the potential donor.

Non-qualifying donations:

- Payment for a basic fee for admission to an event or to a program.
- Payment for a lottery ticket or other chance to win prizes.
- Contributions of services.
- Directed donations: an official receipt may not be issued if the donor has directed the NSTF to give the funds to a specific individual or family. However, donations are eligible for official receipts with general direction from the donor for gift to be used in a particular program, provided that there is no benefit accrued by the donors.
- Donations that have directed the NSTF to provide the funds to a nonqualified donee (e.g. Organizations or projects that have not been registered with the NSTF).
- Sponsorships when there is an exchange of benefits between two parties and or a binding contract.

For additional information on donations see Appendix F.

**For more information on the National Sport Trust Fund – Manitoba Chapter contact:
Jaclyn Pauls at 925-5915 or Laurel Read 925-5615.**

National Sport Trust Fund – Manitoba Chapter
Appendices

Project Application Form

Donor Contribution Form

Donation of Gift in Kind

Grant Request Form

Project Report Form

**Canadian Council of Provincial & Territorial Sport Federations Inc.
National Sport Trust Fund – Manitoba Chapter
200 Main Street, Winnipeg, MB R3C 4M2**

Project Application Form

Organization:	
Contact Person:	Phone: (r)
Email:	(b)
Address:	
City/Town:	Postal Code:
Non-profit/Society #:	Date of Incorporation:

Project Information:	
Name of Project:	
Project Start Date:	Completion Date:
Project Description (attach additional info if required):	
The proceeds from this fundraiser will be used for the following purpose(s):	
Projected amount of money to be raised:	
Describe how this project will assist in promoting or developing amateur sport on a national level.	

<input type="checkbox"/>	I have attached a project budget.	
<input type="checkbox"/>	I have attached a copy of the Provincial sport partner Board minutes with approved resolution.	
<input type="checkbox"/>	I have attached a copy of the promotional material and/or fund solicitation letter.	
<p>We represent that the information included in this application form is complete and correct. We will comply with all policies, procedures and requirements of the National Sport Trust Fund in respect of this project application form. We confirm that this project furthers national development of amateur athletics in Canada.</p>		
_____	_____	_____
Signature of contact person	Position held in organization	Date

Provincial sport partner endorsement (only required if the fundraiser is initiated at the club level)	
As representative of _____	I have reviewed the details of this fundraising
(Provincial sport partner)	
project and verify the bona fide nature of the club, the following venture, and the proposed usage of the proceeds	
_____	_____
Signature of Provincial sport partner representative	Date

For office use only: Approved: _____

Assigned Project #: _____

<p style="text-align: center;">National Sport Trust Fund - Project Application Form IMPORTANT INFORMATION For Authorized Representative of Recipient Sport Organization</p>
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The Canadian Council of Provincial & Territorial Sport Federations [CCPTSF] is registered with the Canada Revenue Agency, Taxation – Charities Division [CRA] as a Registered Canadian Amateur Athletic Association [RCAAA] and as such is eligible to issue official tax receipts. Donations to the National Sport Trust Fund [NSTF], support the promotion of amateur athletics in Canada on a nation-wide basis.

Donations made to the NSTF in respect of specific projects may be eligible for tax receipts subject to meeting the required CRA compliance criteria.

Qualifying Contributions – Tax receipt available

A tax receipt is only available for a qualifying donation or gift. A gift is a voluntary transfer of property without valuable consideration. No benefit of any kind may be provided to the donor or to anyone designated by the donor, except where the benefit is of nominal value.

Donations that are for the general operation of the organization or a specific approved program of the organization are eligible for tax receipting.

Non-Qualifying Contributions – Tax receipt not available

A tax receipt is not available to a donor who makes a non qualifying contribution. In the context of the NSTF, non-qualifying contributions would include payments that are, in fact, personal obligations such as training fees, program fees, travel expenses, membership fees and other similar or like expenses on the part of the donor or a related party. Furthermore, donations directed for the benefit of a specific individual are not tax receiptable.

Recently Proposed Civil Penalties for Misrepresentations of Tax Matters

The Federal Government announced in the February 16, 1999 Budget, that for – Other tax planning arrangements – a penalty

“will apply to a person who plans or promotes an arrangement that the person knows or would have known, but for circumstances amounting to gross negligence, includes a false statement or omission that may be used for tax purposes.”

Advising or participating in a false filing – a penalty

“will apply to a person who makes (or participates in the making of) a statement or omission that the person knows or would have known, but for circumstances amounting to gross negligence, is a false statement or omission that may be used for tax purposes by or on behalf of another person in a return...”

In the former case the penalty is the greater of \$ 1,000 and 100% of the gross revenue derived by the person in respect of the arrangement. In the latter, the penalty is the greater of \$1,000 and 50% of the amount of tax sought to be avoided.

For Further Information

If you have any questions regarding the donations or its use, please do not hesitate to contact the Provincial or National Fund Manager to enable them to advise you. If necessary they will coordinate an inquiry of CRA.

**Canadian Council of Provincial & Territorial Sport Federations Inc.
National Sport Trust Fund – Manitoba Chapter
200 Main Street, Winnipeg, MB R3C 4M2**

Project # _____

Donor Contribution Letter

I am voluntarily and unconditionally donating the sum of \$_____ to the National Sport Trust Fund administered by the Canadian Council of Provincial and Territorial Sport Federations Inc. (CCP&TSF), to benefit the development of amateur sport in Canada on a nation-wide basis. I understand that the CCP&TSF can direct my donation to an amateur sport cause of their choice; however my preference is that my gift be used to support the following cause:

Project Title: _____

Consistent with the income tax interpretations of “qualifying donations”, this contribution is made voluntarily without any conditions and no benefit will accrue to me (or related parties) as a result of my donation. I confirm that this donation does no or will not reduce any obligations, directly or indirectly that I (or related parties) have for “non-qualifying: expenses such as membership, training or program registration, travel expenses or other like expenses that I would normally be required to pay to the recipient sport organization or any related or affiliated body. I also understand that civil penalties can be imposed against me for the misrepresentation of tax matters. Based on these facts, I understand that an official receipt for tax purposes will be issued.

Donor Information (Print clearly)

Name Of Donor: _____		
(first name)	(initial)	(surname)
Address: _____		
City: _____	Province: _____	PC: _____
Telephone: _____	Email: _____	
_____ Signature of Donor	_____ Donation Date	

Payment information: Please make cheque payable to the National Sport Trust Fund – Manitoba Chapter.

Sport Manitoba has a privacy policy that protects personal informational. Any personal information provided on this donation letter will only be used for the administration of the NSTF program, which includes sharing contact information with the selected recipient project, unless agreed to below.

I want to receive information regarding news, programs, or services offered by Sport Manitoba.

RCAAA TAX #: 88938 6868 RR0001

**Canadian Council of Provincial & Territorial Sport Federations Inc.
 National Sport Trust Fund – Manitoba Chapter
 200 Main Street, Winnipeg, MB R3C 4M2**

Project # _____

Donation of a Gift in Kind

I, _____ have voluntarily donated the following item(s) to the National Sport Trust Fund administered by the Canadian Council of Provincial & Territorial Sport Federations Inc. (CCPTSF), to benefit the development of amateur sport in Canada. I understand that the CCPTSF can direct my gift to an amateur sport cause of their choice; however my preference is that my gift be used to support the following cause:

Item(s) Donated	Fair Market Value
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Value: \$ _____	

Consistent with income tax interpretations of “qualifying donations”, this gift is made voluntarily without any conditions and no benefit will accrue to me (or related parties) as a result of my donation.

 Signature of Donor

 Date of Donation(s)

For income tax purposes:

Donor's full name: _____

Address: _____ City/Town: _____

Postal Code: _____ Phone: _____

Email: _____

Sport Manitoba has a privacy policy that protects personal informational. Any personal information provided on this donation form will only be used for the administration of the NSTF program, which includes sharing contact information with the selected recipient project, unless agreed to below.

I want to receive information regarding news, programs, or services offered by Sport Manitoba.

Donation of a Gift in Kind Continued

Description of the item(s) donated: (eg. Make, model, age, size, etc.)

Note: a photograph can be provided to support the description of the item.

Independent appraisal required for gifts with a FMV of over \$1,000.

I, _____ holding the position of:
(name of appraiser)
_____ have accurately and honestly
Assessed the fair market value of the above mentioned item(s) in the amount of \$ _____
and declare that the value is accurate and that this is an independent appraisal and I have no direct
association with the donor or the beneficiary of the donation.

Signature of appraiser

Date

Definition of FAIR MARKET VALUE

The fair market value (FMV) is defined as the highest price, expressed in a dollar amount, that the 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. This FMV is determined on the day of the donation.

**Canadian Council of Provincial & Territorial Sport Federations Inc.
National Sport Trust Fund – Manitoba Chapter
200 Main Street, Winnipeg, MB R3C 4M2**

Grant Request Form

Date: _____

Dear Provincial Fund Manager:

The _____ applies for a grant from the Canadian Council of Provincial & Territorial Sport Federations Inc. – National Sport Trust Fund (NSTF) in the amount of \$ _____ to further the development of amateur sport in Canada in respect of the following project:

Name of Project: _____ Project # _____

A completed Project Report Form is attached. Should this grant request be approved, we consent that these funds will be used as intended and as provide in our Project Application.

Name:

Telephone #

Signature

Position held in organization

Date:

Official Use Only:

Grant requested: _____

Administrative fees: _____

Date issued: _____

Total grant allocated: _____

**Canadian Council of Provincial & Territorial Sport Federations Inc.
National Sport Trust Fund – Manitoba Chapter
200 Main Street, Winnipeg, MB R3C 4M2**

Project Report

Interim Report Final Report Project Number: _____

Date of report: _____ Organization: _____

Name of project: _____

Contact: _____ Phone #: _____

Email: _____

Describe project objectives and outcomes achieved during this period (please list all objectives and project results). Please attach any additional relevant supporting materials in respect of the outcomes of this project.

Funds requested through the National Sport Trust Fund during this reporting period (if applicable):

Date	Amount \$ received:
Total	\$

If this is an interim report, is the project timeframe still applicable Yes No

If an extension is required please indicate new end date: _____

As representatives, we have reviewed the activities of the above project and certify that the information submitted is true and correct.

Authorized Signature of Provincial sport partner representative

Date

What is a Deductible Gift?

Canada Revenue Agency defines any donation for which an income tax receipt may be issued as a deductible gift.

A **deductible gift** is a donation, which adheres to **all** of the following criteria:

- A transfer of property (cash or goods, and in some cases, services) must be made, from a donor to a registered charity or other qualifying donee such as a Registered Canadian Amateur Athletics Association (RCAAA);
- The transfer must be voluntary;
- In order for there to be a gift there must be clear donative intent to enrich the donee; and
- Generally, the definition of an eligible amount of a gift will be the property transferred to the charity over the amount of the advantage provided to the donor the donor expects and receives no material benefit in return.

1. What is a Donor Benefit?

The Canada Revenue Agency is concerned about a misconception circulating within the charitable sector concerning the definition of a gift. This misconception is causing unnecessary alarm for charities.

Some may believe Gifts and Official Donation Receipts mean that a donor cannot give to a charity from which the donor benefits to the same level as anyone else. This is not true - and unduly restricts the concept of a gift. A problem only arises when a donor stands to specifically gain by making a gift to a charity.

A charity may only issue official donation receipts for gifts. It is well established at law that a gift is a voluntary transfer of property for which donors receive no consideration (i.e., no direct and exclusive personal benefit for themselves or other persons in which they have a purely private and personal interest) in return for the gift. ***The donor must freely dispose of the property, and the gift must be made from detached and disinterested generosity, out of affection, respect or charity.*** This is a long-standing definition of what qualifies as a gift and is not a recent innovation by the Canada Revenue Agency. ***A donor can still take an interest in a charity's work, make a gift and receive a tax receipt.***

A donor who supports a favorite symphony, hospital, sport organization, library, or church with a payment, for which the donor does not directly receive something in return, is likely making a gift. But, a tax receipt cannot be issued to a donor who "gives" to a charity on the understanding that he or she will receive some special benefit in direct return for the payment. For example, it is not a gift if a person donates a painting to a museum and, in return, expects the museum experts to provide free appraisals for the donor's private art collection.

The circumstances of each particular case determine whether a payment is really a gift for income tax purposes.

2. Directed Donations

A charity may not give a tax receipt to donors who ask that their gift benefit a specific person or family, or to a particular program if the donor, or anyone not dealing with the donor at arm's length, receives a benefit. The basic rule is that a gift should not result in a specific benefit either to the donor or to a person in whom the donor has a purely private or personal interest.

There are cases where a gift to a charity for a named beneficiary can be valid. These cases are usually exceptions to the above rule and depend on a number of facts. This is of particular interest to poverty-relief and medical-treatment charities as well as certain religious charities, notably with regard to fund-raising for missionary activities.

3. Types of Donations

The following explanation of qualifying and non-qualifying donations includes:

A) Cash Donations

A **cash donation** refers to an outright gift of a lump sum, monthly contribution, or annual contribution.

Cash donations provide the fundamental donor database from which a large-scale legacy program can be developed.

i. Qualifying Cash Donations

- Any voluntary and accountable cash donation made with no expectation of material benefit.
- Partial payment for admission to fund-raising events (if the admission price is more than the advantage amount gained from participating in the event - refer to page 26 A)
- Payments for purchases of goods if the purchase price exceeds the fair market value (Refer to page 27 B);

ii. Non-Qualifying Cash Donations

- Donations deposited in loose collection boxes;
- Payments for admission to fund-raising events which include door prizes of more than nominal value;
- Payments for lotteries, raffle tickets, bingos and other games of chance, contests for prizes, and draws;
- Payments for memberships which result in material benefits for members;
- Fees for services (refer to page 20G);
- Donations which the donor has directed for use by a specific individual or family;
- Donations that reduce any obligation, directly or indirectly that the donor (or related parties) have for "non qualifying" expenses such as membership, training, or program registration fees, travel expenses or other like expenses that the donor would normally be required to pay to the recipient sport organization or any related or affiliated body;
- Tuition fees;
- Donation directed to foreign charity.

B) Volunteer and Staff Expenses

A tax receipt may be issued if, in the course of carrying out organization business, a volunteer or staff member incurs and pays out-of-pocket expenses and requests the donation of some or all of those expenses to the sport organization or cause of their choice.

A signed expense claim form must be completed with receipts to document all expenses incurred. Donors must indicate, in writing on the expense claim form, the portion of expenses they wish to donate.

C) Membership Fees

Whether or not there is an eligible amount associated with the payment of membership fees or other amount to a registered charity of which an individual is a member will be determined on the basis of whether the membership fee or other amount exceeds the amount of the advantage. If the amount of the advantage is 80% or less of the payment to the charity, a tax receipt may be issued for the eligible amount.

Example:

The purpose of the registered charity is the promotion of Canadian theatre.

For a contribution of \$250, a contributor will receive the following:

- Recognition as a donor in the charity's newsletter;
- A subscription to the charity's quarterly newsletter (otherwise available free of charge);
- The right to attend annual meetings;
- A monthly calendar of performances (otherwise available free of charge);
- An advance invitation to certain performances;
- An invitation to dress rehearsals (open to the general public);
- A pewter key chain (normally sold for \$10);
- A discount for certain performances (value of \$40); and
- Parking vouchers (value of \$40).

Determination of eligible amount:

Contribution \$250
Less: Complimentary items
Key chain \$10
*Discount \$40
*Parking vouchers \$40
Advantage \$ 90
Eligible amount \$160

Since the amount of the advantage (\$90) received by a contributor is less than 80% of \$250 (\$200), donative intent may be presumed and a tax receipt may be issued in the amount of \$160.

**The onus is on the charity to provide a value for these items. The value must be reasonable, given the facts of the particular situation.*

D) Mortgaged Property

For 2008-2009, the first year of operation of the NSTF- Manitoba Chapter, mortgage property transfers to a charitable organization as a donation will not be accepted. This will be re-evaluated in the 2009-2010 operation year.

E) Gifts of Goods/Gifts in Kind

What is a Gift in Kind?

The term gift in kind usually refers to property other than cash-in particular capital property, depreciable property, and personal-use property. It also includes a residual interest, a right of any kind, a license, a share, and inventory of a business. However, it does not include a gift of services.

A charity that receives a gift in kind can issue a tax receipt for the fair market value of the gift on the date it was donated.

Charities can give a tax receipt for gifts of goods.

Donations of goods are eligible for charitable tax receipts, just like cash. Services are not.

Gifts of goods of no real market value, such as used clothes or baking are not eligible for receipts.

Gifts of valuable goods can be receipted at fair market value. No exchange of cheques is necessary.

Base the tax receipt on current retail value, regardless of the price originally paid. A donor who bought supplies at wholesale prices can receive a tax receipt for them at full retail value. If the goods are worth more than when purchased, the donor may claim the current value. However, capital gains taxes may apply, and the donor would legally have to declare the difference between the wholesale and retail value as income.

If the goods are worth less than when purchased, the donor is only eligible for a tax receipt at the current market value.

Gifts of goods cannot be double deducted. If a donor has already deducted the cost of the goods for business purposes, a second deduction cannot be claimed for donating them to charity.

However, it is not the charity's responsibility to determine if the donor has already claimed the goods — "but use your common sense" says Canada Revenue Agency. The charity may issue a tax receipt in good faith. It is the donor's responsibility to follow tax laws.

How does a charity establish the value of a gift of property other than cash, when it issues an official donation receipt?

We usually refer to a gift of property other than cash as a "gift-in-kind." To establish the value of a gift-in-kind, for example a rare book or antique furniture, you have to get an estimate of the fair market value of the item on the date it was given. The generally accepted meaning of fair market value is the highest price that the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are knowledgeable, informed and prudent, and who are acting independently of each other.

An appraiser who did not or does not have a material interest in the property being given and is not associated with the donor or with the charity can value the gift. Dealers and other individuals whose work makes them knowledgeable about the market value of the item given can appraise it. If the gift is likely to be valued at \$1000 or less, the charity may prefer to have one of its qualified staff members evaluate the gift.

An artist can set the value of a gift from his or her inventory at any amount between the gift's cost to the artist and its fair market value provided that the fair market value of the gift is greater than its cost. The artist has to include this chosen amount in income and can use the same amount to determine the tax credit available. However, the charity has to record the gift's fair market value on the receipt.

A charity can issue an official donation receipt to a business for the fair market value of a gift out of inventory. Examples include a gift of bread from a bakery, or an item from the inventory of a dealer who buys and sells art, antiques, rare books, or other cultural property. Where a business donates goods out of its inventory to a charity, it has automatically received a deduction from income through its cost of goods sold. To claim a charitable tax credit or deduction, the business also has to include as income an amount equivalent to the gift's fair market value.

Where a business donates to a charity and receives a material advantage, such as promotion or advertising, the charity cannot issue an official donation receipt, as the donation is not a gift at law. For taxation purposes, the business can use the cost of the donation as an advertising expense.

Items of little value, such as hobby crafts or home baking, will not qualify as a gift-in-kind for purposes of issuing an official donation receipt.

When you prepare a donation receipt for a gift-in-kind, remember to include the date on which you receive the donation, a brief description of the item given, and the name and address of the appraiser if you had the item appraised.

What is Fair Market Value?

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

How do you Establish the Value of Gifts in Kind?

Gifts-in-kind are non-cash gifts. They include gifts of land, vehicles, shares, and works of art. Unlike a cash gift, the value of a gift-in-kind is not immediately apparent. The charity should have the gift appraised before it can issue a tax receipt to the donor.

In its pamphlet Gifts and Income Tax, the Canada Revenue Agency recommends that the appraiser should not be associated with either the donor or the charity receiving the gift. However, if a member of the charity's staff is familiar with the type of property in question, he or she could perform the appraisal if:

- The value of the gift is \$1,000 or less;
- An independent appraiser cannot reasonably be located; or
- The appraisal involves unreasonable expense, even though the value of the gift might be more than \$1000.

The Canada Revenue Agency cautions charities to be wary of appraisals produced by a donor who has not consulted with the charity, especially if:

- The appraised amount appears unreasonably high in the charity's judgement;
- The person who performed the appraisal is the person who sold the property to the donor;
- Members of the charity's staff are unfamiliar with the type of property being offered; and
- The type of property is unusual, or otherwise difficult to appraise.

Art, Antiques and Unusual Goods

These may be hard to evaluate for fair market value. Ask one or more licensed appraisers to determine the real current value. Certified cultural property has its value established by a cultural review board, not the recipient. This is a specialized area, and you should contact Canada Revenue Agency.

F) Non-Qualifying Gifts in Kind

- Donations of goods of nominal value such as old clothes, blankets, house baking, etc.;
- Donations of goods in exchange for advertising or promotion;
- Supplier's discounts for which the donor requests a tax receipt in exchange for the value of the discount; and
- Donations of goods in fulfillment of the terms of a legally binding contract (e.g. sponsorship agreements).

G) Donation of Services

Can a charity issue an official donation receipt for the value of services donated to the charity?

No. Donating services such as time and effort is not a transfer of property. However, a charity can pay an individual such as a lawyer, accountant, or entertainer for services rendered and later accept the voluntary return of all, or part of, the payment as a donation. In this situation, the charity can issue an official receipt, but the donor has to declare this income when filing an income tax return.

If you repay the expenses a volunteer incurs doing charitable work, these payments are not considered taxable income. The volunteer could then donate this money to the charity, and receive a tax receipt for it.

When is it a good or a service?

Determining what are services and what are goods can be confusing.

Computer programming, for example, is a service, according to Canadian Revenue Agency, and therefore not eligible for a tax receipt. However, a gift of a computer program that is sold as a commercial product comes under the heading of goods, and is eligible. For clarification, call Canadian Revenue Agency.

Donors may not need a tax receipt.

Businesses do not necessarily require an official charitable tax-credit receipt.

No law requires that charities issue receipts for donations — they are allowed to, but not obliged.

The business may, however, want a letter for their records acknowledging that the charity received the donation, even though this is not suitable for claiming a charitable tax credit.

Why wouldn't they need an official charitable tax receipt?

- Businesses may deduct their support in one of two ways, either as a promotional expense or as a charitable donation.
- Business may also be donating goods that have already been depreciated or written off for maximum tax deductions. They can't deduct them twice.
- Donors of all types may have used up their maximum allowable charitable tax credits (which is 20% of income).
- Or they may be among those who believe that donations should be made because of their beliefs, not for tax incentives.

Donors can contribute in any way they wish if no tax receipt is issued.

Registered charities or other qualified donees (Registered Canadian Amateur Athletics Associations) can issue tax receipts.

The rules here do not apply to groups that cannot issue tax receipts.

H) Gift Certificates

Charities often accept gift certificates for use in auctions, raffles, and other fund-raising activities. However, a gift certificate will likely only qualify as a gift where the donor has given consideration for its acquisition. In other words, a person who issues a gift certificate has simply made a promise to pay and has not given anything. But, a person who buys a gift certificate from the issuer and donates it to a charity may receive a tax receipt for the fair market value of the certificate to the extent that it is negotiable. The receipt must be issued to the donor but not to the issuer of the gift certificate.

A business that issues a gift certificate directly to a charity is not entitled to receive a tax receipt, but there are two exceptions. First, the charity can buy the gift certificate from the business, and the business can then return the purchase price. As in all such cases, an exchange of cheques (charity to business, and business to charity) is the proper method to document the transaction.

Second, the business that has given a certificate directly to a charity may be entitled to a tax receipt when the charity redeems the certificate, provided the certificate is redeemed for property. A gift certificate redeemed for services (i.e., time, skills, or effort) does not involve a transfer of property and so does not qualify as a receiptable gift.

I) Issuing Receipts for Gifts of Art

The Department is aware that some charities are still receiving gifts of art and issuing receipts to the donor for an amount well above the fair market value of the art. Charities knowingly involved in such schemes are at risk of losing their charitable status on the grounds that they have issued receipts that contain false information. Other charities have been misled by appraisals in the possession of the donor, which have led them to issue a tax receipt for an amount far greater than the amount they can obtain by selling the artwork.

Issuing receipts for an inflated amount may have an impact on charities because they will have problems meeting their disbursement quota the following year.

We advise charities to rely on common sense and to make sure they get an independent appraisal of the artwork by a competent professional. An independent appraiser is a person who is not financially connected to the donor, the charity, the art dealer, or the artist. For gifts worth less than \$1,000, a qualified employee of the charity can appraise the value of the gift.

J) Supplier's Discounts on Goods and Services

A tax receipt may be issued for supplier's discounts on goods or services only if the discounted portion of the payment is voluntarily returned as a cash donation. An invoice for the full value of the goods or services **must always** be supplied. The invoice ensures that the donor declares the non-discounted value of the goods or services as income on their income tax return, as required by Revenue Canada.

A cheque exchange **must always** take place. The Manitoba Chapter of the National Sport Trust Fund issues a cheque to pay the invoice in full. The donor can then issue a cheque to voluntarily return the discounted portion of the purchase price as a donation, and receive a tax receipt for the returned portion of the payment.

Note - Because any supplier's discounts for which tax receipts are issued must be declared as income, a donor may realize no net benefit from a tax receipt.

K) Business Donations of Goods from Inventory

A tax receipt may be issued to businesses that wish to donate goods from inventory. However, an invoice **must always** be supplied with the donation.

The Provincial NSTF Administrator must provide reasonable assurance that the business includes the fair market value of the donated merchandise in its sales revenues, as required by Revenue Canada. Only the following two transaction methods satisfy this condition.

Usually, a cheque exchange takes place, whereby a cheque is issued to the donor to pay the invoice, and an offsetting cheque in the same amount is issued from the donor. After the cheque exchange has taken place, a tax receipt may be issued for the value of the donated goods.

At the discretion of the NSTF Administrator, the cheque exchange may be omitted. An invoice stamped as "Paid" by the supplier may be accepted and a tax receipt issued for the amount of the invoice, excluding any sales taxes.

Note - Because the value of any donated goods from inventory for which tax receipts are issued must be declared as income, a donor may realize no net benefit from a tax receipt.

L) Sponsorships

Sponsorships are defined as donations that aid in the production of fundraising or other special events. Such donations include cash donations, donations of goods, donations of services, and supplier's discounts on goods and services.

A tax receipt may **not** be issued if the donation is written into a legally binding contract (such as sponsorship agreement). In this case, the donation is not voluntary and does not qualify for a tax receipt.

Additionally, a tax receipt may be issued **only** if the sponsor receives no advertising or promotion in exchange for their donation, or any other material benefit.

If, for example, a sponsor wishes to have their company logo imprinted on the event program, a tax receipt could not be issued for any donations received.

However, an acknowledgement of thanks for donations received, without promotion, is not regarded as advertising or promotion. For example, a statement of thanks followed by a typed list of all sponsors (without logos) would not be regarded as promotional, and tax receipts could be issued using the appropriate guidelines as outlined in the rest of this section.

M) Personal Donations of Goods Valued Under \$1,000

Whenever possible, donors should issue invoices for personal donations of goods. However, this is not always possible. The following guidelines discuss both situations.

N) Goods Valued Under \$1,000 with Invoice

For personal donations of goods accompanied by an invoice, the Provincial NSTF Administrator must ensure the reasonableness of the fair market value quoted on the invoice with appropriate documentation (official appraisal, price listing from a catalogue, etc.). A tax receipt may then be issued for the quoted amount.

Note - The invoice for a personal donation should be donor-issued – not the original store invoice from the date of purchase of the goods. A recent store invoice would, however, be useful as supporting documentation for the reasonable fair market value of the goods.

O) Goods Valued Under \$1,000 with No Invoice

This condition applies to personal donations of goods only. Donations of goods from businesses **must** be accompanied by an invoice (refer to page 22K).

If a donor requests a tax receipt for a personal donation of goods, and has not issued an invoice, the fair market value of the goods must be assessed with appropriate documentation. The Provincial NSTF Administrator will be responsible for ensuring the reasonableness of all appraisals.

An official appraisal of the fair market value from a qualified appraiser is most suitable. In the absence of an appraisal, the replacement cost and condition of the item determine the fair market value.

The replacement cost can be documented by copying a price listing for a comparable item in a retail catalogue, or obtaining a sales tag from a comparable item in a store.

The fair market value is then calculated depending on the condition of the donated item. Suggested guidelines for determining the fair market value are as follows:

- Excellent Condition 75% of replacement cost
- Good Condition 50% of replacement cost
- Fair Condition 25% of replacement cost
- Poor Condition No value

P) Personal Donations of Goods Valued Over \$1,000

A tax receipt may be issued for personal donations of goods valued over \$1,000 if accompanied by at least one independent appraisal. More than one appraisal may be necessary, depending on the value of the donated goods (e.g., real estate). A qualified appraiser not associated with Sport Manitoba or the donor must carry out appraisals. The appraisal(s) must be recent and original (no photocopies).

If in doubt about the number of appraisals required, or if an appraisal is excessively expensive or hard to obtain, contact the Provincial NSTF Administrator.

Q) Planned Gifts

A **planned gift** is any contribution, which results from a donor's careful consideration of how the transfer of a gifted asset will affect current financial planning and long-range estate planning. Examples of planned gifts are bequest, life insurance, gift annuities, gifts of listed securities or property, etc. Due to the complexity surrounding these types of gifts the Fund Manager at Sport Manitoba should be consulted.

4. Civil Penalties for Misrepresentations of Tax Matters

The Federal Government announced in the February 16, 1999 Budget that for – Other tax planning arrangements – a penalty

“will apply to a person who plans or promotes an arrangement that the person knows or would have known, but for circumstances amounting to gross negligence, includes a false statement or omission that may be used for tax purposes.”

Advising or participating in a false filing – a penalty

“will apply to a person who makes (or participates in the making of) a statement or omission that the person knows or would have known, but for circumstances amounting to gross negligence, is a false statement or omission that may be used for tax purposes by or on behalf of another person in a return ...”

In the former case the penalty is the greater of \$ 1,000 and 100% of the gross revenue derived by the person in respect of the arrangement. In the latter, the penalty is the greater of \$ 1,000 and 50% of the amount of tax sought to be avoided.

5. Proposed Guidelines on Split-Receipting

Overview

The Canada Revenue Agency (CRA) has completed its review of what constitutes a gift for purposes of the *Income Tax Act* (the Act). This review was initiated as a consequence of the decisions in various court cases that seem to call into question whether the traditional meaning of gift under common law is still the appropriate standard. Furthermore, the traditional definition of gift disqualifies as a gift a transfer of property for partial consideration, notwithstanding that there is a clear gift element and donative intent, a result with which the government and, apparently, the courts are not comfortable. Accordingly, after consultation with representatives of the Departments of Justice and Finance, the CRA has developed interpretational guidelines that are to be followed in determining whether a transfer of property results in the making of a gift for purposes of the Act. On December 20, 2002, the Department of Finance released proposed amendments to the Act to facilitate the interpretative approach being adopted by the CRA. As well, existing interpretation bulletins

and publications will be revised to reflect these interpretative guidelines, and to deal with a number of the more common gifting situations. While time will be allowed for interested parties to provide comments before the publications are so revised, these proposed guidelines may be followed in the interim. Underlying the CRA's interpretative approach to determining whether there is a gift in situations other than where there is an outright transfer of property for no consideration is that there be a clear donative intent to make a gift.

The key elements to this interpretative approach are as follows:

- (a) There must be a voluntary transfer of property to the donee with a clearly ascertainable value.
- (b) Any advantage received or obtained by the donor or a person not dealing at arm's length with the donor in respect of the transfer must be clearly identified and its value ascertainable. If its value cannot be reasonably ascertained, no charitable tax deduction or credit will be allowed. In this regard, the donee will be required to identify the advantage and the amount thereof on any receipt provided to the donor in accordance with the proposed amendments to section 3501 of the *Income Tax Regulations*. In respect of valuations, the donee should consider obtaining a qualified independent valuation of the amount of the advantage.
- (c) Consistent with the case law, in order for there to be a gift there must be a clear donative intent to enrich the donee. It is recognized that the determination of donative intent is a subjective determination which can be difficult to establish. In this regard, it is proposed that the Act be amended so that a transfer of property will not necessarily be disqualified from being a gift, provided the amount of the advantage does not exceed 80% of the value of the property transferred to the donee. In exceptional circumstances where the amount of the advantage exceeds 80% of the value of the transferred property, the transfer may still nevertheless qualify as a gift under the proposed amendments, provided the donor is able to establish to the satisfaction of the Minister that there was an intention to make a gift.
- (d) Generally, the proposed definition of an eligible amount of a gift will be the excess of the value of the property transferred to the donee over the amount of the advantage provided to the donor. It is recognized that, whether in connection with fund raising events or direct gifts to a charity, a donor may be provided with some advantage because the donee wishes to provide the donor with a token of gratitude for making the gift. It is further recognized that the appreciation of such gifts will vary from donor to donor. Accordingly, the CCRA is prepared to administratively provide for a *deminimis* threshold that will simplify matters for both donors and donees where such advantages are of insignificant value. The current *de minimis* threshold set forth in the current version of Interpretation Bulletin IT-110R3, *Gifts and Official Donation Receipts*, will be revised to provide that the amount of the advantage received by the donor that does not exceed the lesser of 10% of the value of the property transferred to the charity and \$75 will not be regarded as an advantage for purposes of determining the eligible amount as set forth in the proposed definition. Note that the revised *de minimis* threshold will not apply to cash or near cash advantages (e.g., this may include redeemable gift certificates, vouchers and coupons).

6. Guidelines for Fundraising Events or Activities

The following guidelines provide the CRA's view of the manner in which the eligible amount and the amount of the advantage are to be determined with regard to various situations and fund raising events or activities, taking into account that, in many cases, there is not a readily available market value comparison of the inducement or advantage provided to the donor. In particular, the guidelines address:

- fund raising dinners
- charity auctions
- lotteries
- concerts, shows and sporting events
- golf tournaments
- membership fees
- mortgaged property

The guidelines below have general application to all fund raising events or activities:

The attendance of celebrities at fund raising events will not be viewed as an advantage per se. Any incremental amount paid for the right to participate in an activity with a particular individual (e.g., dinner, golf) would, however, not be viewed as a gift.

The value of any complimentary benefits provided to all participants for attending the event (e.g., pens and key chains) and the value of door and achievement prizes that all attendees are eligible for by simply attending the event will be viewed as an advantage unless the aggregate value of such items, per ticket sold, does not exceed the lesser of 10% of the ticket price and \$75. For the purpose of establishing the eligible amount, and therefore the amount of the tax receipt, the value of door and achievement prizes will be aggregated and allocated on a pro rata basis to all participants.

For the purpose of determining which items will be viewed as an advantage for purposes of applying the *de minimis* rule, the CCRA will adopt the position that the value of the activity that is the object of the fund raising event, while an advantage to be taken into account in determining the eligible amount, will not be included for this purpose (e.g., the value of a meal at a fund raising dinner, the value of a comparable ticket for a concert, the value of green fees, cart rental and meal at a golf tournament).

A) Fund Raising Dinners

The value of a comparable meal provided by a comparable facility will have to be ascertained. If the event is held at a restaurant, then the price the restaurant would charge a regular customer would be the comparable value. In this regard, it is acceptable to take into account group or banquet rates. Generally, the right to participate in an auction to be held at the dinner will not be viewed as constituting an advantage.

Example:

A charity holds a fund raising dinner for which 500 tickets are sold at a cost of \$200 each. A comparable meal could be purchased for \$100, excluding GST, PST and gratuities. The door prizes are a trip having a value of \$3,000 and jewelry having a retail value of \$500 (\$3,500/500 or \$7 per attendee). Each attendee receives a logo pen and key chain with an aggregate retail value of \$10.

Determination of eligible amount:

Ticket price \$200
 Less: meal \$100
 Eligible amount \$100

As a result of applying the *de minimis* threshold, the value of the door prizes and the complimentary items received by a donor will not be viewed as an advantage in determining the eligible amount, since the total value of such prizes and items is \$17 per donor, which is less than the lesser of 10% of \$200 (\$20) and \$75. In this case, the amount of the

advantage is \$100, which is not more than 80% of the ticket price (\$160). Accordingly, a tax receipt may be issued for the eligible amount.

B) Charity Auctions

Generally, it is CRA's position that there will not be an eligible amount with respect to items obtained at charity auctions on the basis that the bid determines the value of the various items put up for auction. However, where the value of an item is clearly otherwise ascertainable (e.g., there is a retail price for the item) and made known to all bidders in advance, an eligible amount would be present where the amount bid is in excess of the posted value. Where donative intent can be established, which may be the case where the posted value of the item does not exceed 80% of the accepted bid, a tax receipt may be issued for the eligible amount.

Example:

A corporate retailer donates a mountain bike to a charity and the charity puts it up for auction. The value of the bike is \$400 and this amount is posted with the item. Any successful bid of \$500 or greater would entitle the bidder to a donation receipt equal to the excess of the bid price over \$400 (i.e., the eligible amount is the excess). The retailer donating the bike will be entitled to receive a tax receipt for \$400. If this represents a gift on the part of the retailer, the retailer will have revenue of \$400 pursuant to section 69 and a donation deduction of \$400. If the bike cost the retailer \$250, the result would be a profit of \$150 for tax purposes. It is the CRA's opinion that with regard to certain personal items such as, but not limited to, the jersey of a hockey player, the right to play golf with a particular person, and the right to dine with a particular person, the value of the item will be the amount of the bid such that there will not be an eligible amount.

C) Lotteries

It is our view that participants in lotteries, while perhaps influenced in choosing which lottery they will participate in by the identity of the organizing charity, are primarily motivated by the chance to win the significant prizes that are offered. Therefore, in some cases, while there may be an element of donative intent, in our view the amount of the advantage cannot be reasonably quantified. Accordingly, it continues to be our view that no part of the cost of a lottery ticket is a gift that may be receipted for income tax purposes.

D) Concerts, Shows and Sporting Events

While a particular event may be a charity fund raiser and all or a portion of the proceeds designated in favour of a charity, there will need to be clear evidence that the ticket price is in excess of the usual and current ticket price to allow a finding that there is an eligible amount. Where the amount of the advantage (including the usual and current ticket price) is 80% or less of the actual ticket price, a tax receipt may be issued for the difference. If there is no reasonably comparable event, then no portion of the ticket price can be viewed as an eligible amount.

Example:

Tickets are sold for \$200 to a fund raising concert featuring Performer X. Each participant receives a Performer X t-shirt that normally sells for \$20 and a CD that retails at \$15. Performer X put on a similar concert in Ottawa 8 months ago as part of her regular tour and the ticket price was \$100.

Determination of eligible amount:

Actual ticket price \$200

Less: Comparable non-charity

Ticket price \$100
Complimentary items \$ 35
Advantage \$135
Eligible amount \$ 65

The value of the complimentary items is \$35, which exceeds the lesser of 10% of \$200 (\$20) and \$75. Accordingly, the complimentary items are regarded as an advantage and must be taken into account in determining the eligible amount. In this case, the amount of the advantage is \$135. Since this amount does not exceed 80% of the actual ticket price (\$160), a tax receipt may be issued for the eligible amount (\$65).

E) Fundraising Golf Tournaments

The following indicates the CRA's view in determining the value of the various components that may be present at a fund raising golf tournament for the purpose of determining the amount of the advantage received by a participant.

1. Green fees

- Normal green fees that would ordinarily be charged to a non-member playing the course at the time of the event.
- No amount would be allocated to members where members are not required to pay green fees.

2. Cart rental

- Regular cost of a cart rental.

3. Meals

- Price that would be charged if the meal were purchased separately at the course.

4. Complimentary items

- Amount that would have to be paid to acquire the merchandise at the donating retail outlet or the outlet from which the merchandise was obtained.

5. Door and achievement prizes

- The retail value of all such prizes is to be aggregated and allocated pro rata to all attendees.

6. Hole-in-one prize

- Given that the approximate odds of a hole-in-one for an average golfer on any given par-3 are over 40,000 to 1 and the fact that such prizes are not guaranteed to be given (in fact, they are rarely awarded), the CRA accepts that for any particular participant the value of the chance to win the prize is nominal, and therefore can be ignored.

7. Raffle tickets

- Where the raffle is conducted separately, the cost of raffle tickets is not considered a gift (this is essentially a lottery), and the value of the various prizes that will be won is not taken into account in determining the amount of the advantage.
- Note that if participation in the raffle is included in the participation fee, the prizes will be treated as door prizes.

Example:

- A charity holds a fund raising golf tournament with a participation fee of \$200.

- There are 100 participants in the tournament some of whom are members of the golf course.
- The regular green fee for non-members on that day is \$50.
- Members are not required to pay green fees.
- The cart rental (included in the participation fee) is normally \$20.
- Each participant receives golf balls with a retail price of \$15.
- The retail price of supplied food and beverage excluding GST, PST and gratuities is \$30.
- The retail value of door and achievement prizes is \$2,000 (\$2,000/100 or \$20 per participant).
- The raffle tickets for a chance to win a number of other prizes are sold separately (i.e., the purchase of such tickets is not required).
- The hole-in-one prize is the use of an automobile for one year.

Determination of eligible amount:

Participation fee	\$200
Less: Green fee	\$ 50
Cart rental	\$ 20
Complimentary items/door & achievement prizes	\$ 35
Food and beverage	\$ 30
Hole-in-one prize	<u>\$ 0</u>
 Advantage	 <u>\$135</u>
Eligible amount (non-members)	<u>\$ 65</u>

The total value of the complimentary items and the door and achievement prizes of \$35 to each participant exceeds the lesser of 10% of the participation fee of \$200 (\$20) and \$75. Accordingly, such items constitute an advantage in determining the eligible amount.

In the case of non-members, the amount of the advantage is \$135 and a tax receipt may be issued for the eligible amount of \$65. If the amount of the advantage exceeded 80% of the participation fee (\$160), a tax receipt could not be issued due to the absence of donative intent.

In the case of members, the eligible amount would be increased to \$115 by the green fee that they would otherwise not have been required to pay.

If the golf course normally offers group rates this would be taken into account. In the above example, if the course offers a reduced green fee of \$40 for tournaments where there are more than 50 participants, then \$40 instead of \$50 would be used for non-member green fees, which would result in an eligible amount of \$75.

Can a community organization or a business hold a golf tournament or other fundraising event for a charity?

Newsletter, Gifts and Official Donation Receipts, explain that fund-raising golf tournaments are considered to be `like events'. If a charity uses another organization to run a `like event' for the charity, it should have a written agreement with the organization. The agreement should spell out how any money earned by the event is to be handled and the procedures for issuing tax receipts. A charity cannot simply hand over its receipting privilege or its control over donated funds to another organization, even if some of the money will flow back to the charity.

A business buys a block of tickets to a charity golf tournament. Should a charity issue the tax receipt in the name of the golfers who use the tickets or in the name of the business?

The general rule is that a charity issues a tax receipt to the business or to the person who wrote the cheque. Therefore, if a charity receives a cheque from a business, the charity will issue the tax receipt to the business. However, there may be situations where co-workers buy tickets for an event by giving the money to the business that buys the tickets for them. The business then gives the charity one payment with a list of the donors. In such cases, the charity should ask the business for documentation showing that the individuals bought the tickets before issuing receipts in the name of each golfer.