



ADMINISTRATIVE GUIDELINE

Title: Receipts and Disbursements of a Registered Charity

Effective Date: February 1, 2002

Responsibility: Superintendent of Business

1.0 Rationale:

The rationale of this administrative guideline is to replace the two separate guidelines entitled “Charitable Tax Receipts” and “Scholarships and Bursaries” and replace them with a single guideline outlining the legislative rules that a registered charity must operate within with regard to receipts of gifts and gifts-

issuance of a charitable income tax receipt.

Acceptance of charitable donations from third parties will be at the discretion of the charitable organization itself.

3.0 Definition of a Gift

A gift is a voluntary transfer of property for which the donor receives or expects nothing in return. A contribution of services (i.e. time, skills, and effort) does not qualify as a gift, since services are not property.

To qualify as a gift, all three of the following conditions must be met:

3.1 A donor must have transferred property, either in the form of cash or a gift-in-kind to the

market between a willing buyer and a willing seller who are knowledgeable, informed and prudent, and who are acting independently of each other.

3.2 The property is given voluntarily. The donor must not be obliged to part with the property (e.g., as the result of a larger contract or a court order); and

3.3 The donor is transferring the property to the charity without expecting anything in return. No benefit of any kind may be provided to the donor or to anyone designated by the donor as a result of the gift. **However donations subject to a general direction from the donor that the gift be used in a particular program operated by the charity are acceptable, provided that no benefit accrues to the donor, and that decisions regarding utilization of the donation within a program rest with the charity.**

4.0 Conditions under which the Charity will Issue Receipts

The charity will issue official receipts only while it is registered and must not issue receipts **for funds that it will not itself be responsible for spending.**

The charity will 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 the 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.

A charity cannot return a donor's gift. Once the transfer is made, the charity's governing documents oblige it to use the gift in carrying out its charitable purposes.

In order that the charity issue charitable receipts the following conditions must be met with regard to each respective gift:

4.1 The gift must ultimately be received by the charity. The gift may be in the form of cash or be a gift-in-kind but must be deposited into the accounts of the registered charity. This is specific to charitable donations received and managed by a school. For example if graduation monies were donated to a specific high school although the monies may be deposited into the school's fund-raising bank account a listing of the total donors along with a cheque representing total gifts received by the school must be forwarded to the charity for deposit. At that time the charity will deposit the gifts into its books of record and official donation receipts will be issued immediately to all respective donors.

Should the school wish to ultimately receive and manage the charitable donations received without going through the Board's registered charity then it is the school that must apply to Canada Customs and Revenue Agency for charitable status. The finance department would be more than willing to assist any interested parties with their registered charity applications. It is important to then note that it would be the school that would be solely responsible for the maintaining and recording of charitable donation receipts as well as the necessary books and records to support

the school's charity status subject to Canada Customs and Revenue Agency's compliance requirements.

For gifts-in-kind donations of non-cash property, in order for the charity to be able to issue an official donation receipt an appraisal of the donated property must accompany the request for receipt. An independent third party dealing at arm's length with the charity must provide the appraisal. The donor should bear the cost of obtaining the appraisal.

- 4.2 Donations subject to a general direction from the donor that the gift be used in a particular program operated by the charity are acceptable, provided that no benefit accrues to the donor, and that decisions regarding utilization of the donation within a program rest with the charity. Receipts will be issued for specific purpose fund-raising upon receipt of the donations.
- 4.3 Donating services such as time and effort is not a transfer of property. However, a charity can pay an individual 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.

5.0 Obligations of a Registered Charity

A charity must:

- 5.1 Devote its resources to charity;
- 5.2 Continue to meet the other requirements of registration; and
- 5.3 File Form T3010, Registered Charity Information Return, within six months of the organization's year-end (which has been established for Near North District School Board Charitable Works as December 31st of each year).

Failure to meet the above obligations could result in the charity losing its registered status which will disallow it to issue official receipts for gifts received as well as lose its exemption from paying income tax under Part I of the Income Tax Act.

6.0 Factors which will Disqualify an Organization from Registration

The following are factors that could disqualify an organization from maintaining its charitable status:

- 6.1

- 6.3 Issuance of receipts containing false information;
- 6.4 Failure to file annual T3010 Information Return;

7.0 Qualifications for Registration with Canada Customs and Revenue Agency

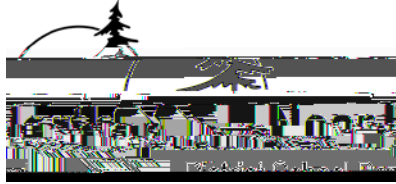
To qualify for registration the charity was established and operates for charitable purposes and must devote its resources to charitable activities.

The Near North District School Board Charity Works charity's purpose or activity is the advancement of education and providing a learning environment for the purpose of life-long learning, which includes:

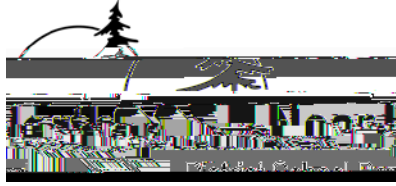
- 7.1 Establishing and operating schools;
- 7.2 Providing scholarships, bursaries, and prizes for scholastic achievement;

- 9.1 Final average grade
- 9.2 Involvement in social activities
- 9.3 Involvement in voluntary activities
- 9.4 Proof of need of financial assistance
- 9.5 Quality of written application
- 9.6 Interview ratings
- 9.7 Proof of post-secondary enrolment in recognized institution

Once applications are received by the organization or its committee(s) the selection process for the determination of awarding scholarship, bursaries and/or prizes would commence. The potential recipients would be rated based on specific criteria of the respective scholarship, bursary or award being awarded with a recommendation to award being the end result. This recommendation to award would then be brought to the organization's directors or directing officers for official approval. It is important to note at this point that the donor themselves do not select the recipient. The recipient would be selected through a fair selection process with the final approval being the responsibility of the directing officers. The committee would then notify the successful candidate(s). If the scholarship, bursary or award were for the advancement of post-secondary education, then proof of enrolment at a post-secondary



Our mission is to educate learners to their fullest potential in preparation for life-long learning.



Appendix B

Near North District School Board Charity Works

Defined Activities to Achieve Objects as per Governing Documents

The charity received registration as a registered charity based on the following activities intended to achieve each of the purposes listed in its governing documents.

The organization's activities primarily are the advancement of education by providing scholarships, bursaries and prizes for scholastic achievement and to high achieving students wishing to pursue post-secondary stature without needed financial resources. Trust and general bursary monies are to be used by the organization to assist in furthering the education of a student or students who show academic promise and are in the need of financial assistance.

Every year scholarships, bursaries and prizes will be awarded to students meeting specifically defined criteria from the earnings of any capital. Students will be recognized for their scholastic achievements and promise by the charity through the awarding of such scholarships, bursaries and prizes. In order to be eligible for awards students must meet specific criteria.

In order to create an environment in preparation of life-long learning the organization will accept gifts and gifts-in-kind such as computers and musical instruments, etc to be donated to needed schools. Cash donations will be accepted with subsequent disbursements (made to schools to assist schools in such programs as breakfast programs, assist schools in supplying instructional materials to students); all to be used in creating an environment in preparation of life-long learning. By creating such an environment believe the community would benefit as a result of community's children accessing needed resources in order to achieve life-long learning into the future.