

CATEGORY: FOUNDATION
POLICY SUBJECT: SPECIAL EVENTS/GIFTS-IN-KIND (CTCFCK-003)
EFFECTIVE DATE: 2009/02/18

PURPOSE

The Children’s Treatment Centre Foundation of Chatham-Kent (the “Foundation”) supports co-sponsored and third-party events that meet its fundraising objectives. At all times, the Foundation will maintain control of the use of the name or other materials associated with the Foundation and the Children’s Treatment Centre of Chatham-Kent (the “Centre”). Receipting to event participants as well as with regards to gifts-in-kind which are often donated for use during events as prizes and auction items, will adhere strictly to Canada Revenue Agency (CRA) requirements.

GUIDELINES FOR SPECIAL EVENTS

Community groups, corporations or individuals wishing to hold a fundraising event in support of the Foundation or Centre, or wishes to use the Foundation or Centre name or logo for publicity and fundraising purposes, must consult with the Foundation’s Executive Director in advance and receive prior written permission. Approval for a special event will be based upon the following criteria: consistency with values, acceptability of event budget, projected profitability, demand on staff time, support and willingness of sponsoring parties, marketing or public relations value, conflicts with existing events and ability to comply with CRA receipting guidelines.

As a general rule, events intended as fundraisers should net minimally 50 percent of the gross income for the Foundation. The Foundation or Centre will incur no costs associated with special events that are sponsored by a third-party organization unless otherwise agreed to in writing prior to the special event or promotional campaign.

All copy for advertisements, point of purchase materials and other event-related promotional materials used by a sponsoring organization will be approved by the Foundation prior to use. The Foundation will not loan or give out its mailing list for any special event or promotional campaign.

All staffing and volunteers for the special event or promotional campaign will be provided by the sponsoring organization unless otherwise agreed to in writing.

The proceeds of the special event will be presented to the Foundation in a timely manner following the special event unless otherwise agreed to in writing. All monetary transactions for the special event or promotional campaign will be handled by the sponsoring organization unless agreed to in writing prior to the event. Proceeds from special events may be designated, if requested by the sponsoring organization, to any approved funding priority of the Foundation or Centre. Recognition for the sponsoring organization's donation to the Foundation will be in accordance with established Donor Recognition policies.

Upon completion of the special event, representatives of the third-party organization and the Foundation's Executive Director will evaluate the success of the event and determine next steps regarding repeating or building upon the event.

Licensing

Under the regulatory oversight of the Alcohol and Gaming Commission of Ontario (AGCO), any draw involving the chance of a prize in exchange for payment constitutes a lottery and requires an approved license issued by the local municipality or AGCO.

Any license for a lottery to be held during or in conjunction with a third-party or co-sponsored event will be applied for by the Foundation. When there is no lottery license, drawings for door prizes, etc. may still be conducted provided that tickets are offered free of charge to anyone who is approached regarding participation.

Receipting

In order to protect our status as a charity, the Foundation must remain at all times in compliance with the CRA receipting requirements. To the extent possible, the Foundation's Executive Director shall ensure that third parties understand the rules before promising charitable tax receipts to sponsors, donors or participants.

A gift is defined as a voluntary transfer of property without value consideration. To qualify as a gift, all three of the following conditions must be met:

1. some property, either in the form of cash or a gift-in-kind is transferred by a donor to a registered charity,
2. the property is given voluntarily,
3. the donor gives without expecting anything in return.

Gifts must be consistent with the overall mission, vision, values and goals of the Foundation, all laws of the land, and must not compromise the integrity of the Foundation or the Centre. The Foundation reserves the right, at its discretion, to refuse a gift on these grounds.

Events such as galas, concerts or golf tournaments can, at times, receive income tax receipts if it is clear that a gift was made, of which Fair Market Value (FMV) shall be the determinant.

FMV is defined by the CRA as "the highest price, which 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."

For instance, if the ticket price for an event exceeds the FMV by more than 20 percent of the benefits received by the participant, then an official charitable income tax receipt can be issued for the difference. This would represent the 'gift' portion only. In situations where the cost or portion of the cost is covered by a sponsor or corporation, the same rule applies because the

ticket purchaser is still receiving the benefit at the FMV. Only the price paid beyond the FMV of the benefit received is eligible for a receipt.

For further clarity:

Event Ticket Price = \$250

Golf Fees = \$100

Dinner = \$80 value, but is discounted by the catering company to \$50 a plate

Portion eligible for a receipt = \$70 (\$250 - \$100 - \$80) because \$70 is greater than 20 percent of the ticket price (if it had been less than 20 percent, no receipt would have been issued)

In order to issue tax receipts to event participants, the following information must be provided to the Foundation:

1. ticket price
2. FMV of each item received by the participant as a benefit
3. detailed list of participants requesting receipts, including full mailing addresses

Notwithstanding the above, the Foundation will only issue receipts for donations of \$10 or more. Under CRA rules, the Foundation cannot issue receipts if the sum of the receipts requested exceeds the sum of the proceeds received from the event.

The Foundation will not issue official income tax receipts in the following situations:

- purchases of raffle tickets, admission tickets, greens fees and goods
- when the FMV of the benefit cannot be determined (in this case, none of the ticket price paid will be eligible for a receipt)
- cash and in-kind sponsorships (companies receive promotional benefit from sponsoring, which is a legitimate business expense)

GUIDELINES FOR GIFTS-IN-KIND

Generally gifts-in-kind to be used at events are donated by companies and usually represent a gift from inventory. Income tax receipts will not be issued for these gifts as it is understood that the business would not benefit by receiving an income tax receipt (the business would be required to claim the FMV in its revenues). For gifts-in-kind, the Foundation will gladly provide the company with a thank you letter acknowledging the gift.

Receipting

Income tax receipts can be issued to individuals for gifts-in-kind when accompanied by the appropriate documentation. The receipt will be issued for the FMV.

FMV is determined as follows:

- for gifts of artwork, collectibles, jewelry or items of a unique nature, must be accompanied by a current (less than one year old) independent appraisal
- for other gifts-in-kind, must be accompanied by independent support of FMV, such as an invoice or receipt that clearly displays the purchase price, or by a current independent appraisal

- if the item was purchased within the last three years, then the FMV is considered to be the lesser of the purchase price or the amount revealed in the appraisal

All costs (appraisal, delivery, etc.) associated with the gift are borne by the donor and that the FMV does not include amounts payable to others, such as commissions or taxes.

The Foundation will not issue official income tax receipts in the following situations:

- contributions of services (not considered property)
- gift certificates where the donor was the issuer or the certificate was not purchased outright and then donated
- use of vacation property

Approved by the Board of the Children’s Treatment Centre Foundation of Chatham-Kent.

President

Date

Executive Director

Date