

IMPORTANT INFORMATION REGARDING DONATIONS TO A CHARITY

The CRA (Canada Revenue Agency) allows registered charities such as **The Rainbow Society of Alberta** to issue tax receipts under the following guidelines. We take great care in adhering to these guidelines for the protection of our donors and wish children. An official tax deduction receipt will be issued if:

1. Some property - usually cash or a gift - is transferred by a donor to The Rainbow Society of Alberta;
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.
4. A gift is a transfer of property, not of services. No donation tax credit is available for the performance of services rendered without remuneration or compensation. A professional who wants to receive a donation receipt for time and professional skill donated to a charity must first bill the charity for the services performed and then donate the amount he or she is paid back to the charity. This process shows that a true donation has been made and provides an audit trail for both parties.

Gift Certificates

If a company wants to donate a Gift Certificate, the following steps should be followed:

- The Rainbow Society will purchase a gift certificate for an agreed-upon amount.
- The company will donate by **cheque or cash**, an amount equal to the gift certificate, to The Rainbow Society of Alberta.
- The Rainbow Society will issue a tax receipt to the company.

Rationale: If the gift certificate is not ever redeemed, then the business has received a tax benefit for no cost to them. This process creates a simple paper trail and shows the donor's intent.

Note: An individual (not the issuing business) who donates a gift certificate to a charity is entitled to a tax receipt for the fair market value of the certificate.

Gifts-in-Kind (donating an item)

The Rainbow Society will require the following:

- The company donates an item and provides an official company invoice showing the "fair market value" of the item (GST is not included). Hand-written invoices are not allowed.
- The invoice must have "**Donation**" written on it, with \$0.00 owing.
- The Rainbow Society will issue a tax receipt for the fair market value.

Auction Items

Buying an item at one of our auctions does not entitle you to a tax receipt as you have received something for your money. However, you are eligible to receive a tax receipt for the difference of what you paid versus the fair market value of the item. For an official donation receipt to be issued, the fair market value of the property the bidder receives cannot exceed 80% of the purchase price.

Example, if you purchased a painting for \$1000.00 and the reported fair market value of the painting is \$500.00, you are eligible for a tax receipt for the difference of \$500.00.

Sponsorship and Advertising

This kind of gift normally takes place at events like a golf tournament or dinner and auction. If a company has paid for sponsorship and is receiving advertising at the golf hole, in the event program, or on a sheet listing all event sponsors, a non-tax deductible **business receipt** will be issued.

Rationale: advertising the company's name is deemed to be an advantage that has value.

For more information regarding the conduct of charities or the federal government guidelines regarding tax receipts, please visit www.cra-arc.gc.ca/tax/charities

We sincerely appreciate all gifts to The Rainbow Society. Without your support, we would not be able to continue granting wishes for Alberta children.

If you have any questions involving donations or receipting, please contact

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