



Memo

To: All Parishes

From: Iryna Laschuk

Date: March 31 2022

Re: Donations in Kind - Guidelines

Parishes may receive donations in the form of cash, securities, goods or even capital property. Those parishes, designated as a charitable organization, can provide individuals, organizations and businesses with donation receipts for the value of the donation they make. This is one way to encourage donations and appreciate their donors.

Whereas donations in cash are straightforward (the value is clear), donations of goods require additional consideration and rigor in determining value. The following provides guidelines based on the Canada Revenue Agency (CRA) directives and recommendations from the Eparchial finance office on providing donation receipts for gifts other than cash. Each parish may adapt these guidelines to the needs and the ability of their parish to process these donation types. It is important, always, to consider the CRA directives and guidelines.

Donation Types

1. **Donation receipts for goods** can be issued under the following guidelines:
 - a. **Receipt provided** – if a current, valid receipt is provided (example: someone buys groceries and donates them to you) your parish representative must check that all items on the receipt are exactly as presented (same quality, quantity and type) then a donation receipt can be issued for the goods.
 - b. **Fair value (under \$1,000)** – if an item is donated without a recent receipt (new or used), a donation receipt would be based on the fair market value of the item (example: someone donates a piece of furniture at its current condition). The donor must provide proof of value by providing a price from a similar (quality, condition and type) item. With Kijiji and other online sites, it is much easier to settle on a reasonable value. To ensure this does not become too onerous of a transaction, it is recommended for a donation receipt to be issued, each individual item being donated must have an estimated value of at least \$200. Some parishes may require a higher threshold (i.e. minimum of \$500).

Donations of used clothing, household items etc. typically would not have a donation receipt issued unless an individual item has a value of \$200 or greater.

- c. **Fair value over \$1,000** - Goods over \$1,000 may require a formal third-party appraisal where the appraiser is not related to the donor and a donation receipt is requested. An example may be that: someone donates a piece of art for an auction, an experienced appraiser would be hired to provide the fair market value as valuation may be difficult for unique items. It would be advisable for the donor to provide the written appraisal but confirm who is expected to pay the fee.
2. **Donations from Companies (Inventory or supplies)**– usually a company does not require a donation receipt when donating items from inventory or supplies because they can write off the cost as a business expense. However, if a donation receipt is requested, the company must provide an invoice with all the items listed (item description, quantity, and fair market value). If they cannot provide an invoice, you would advise the donor in advance that you cannot issue a donation receipt however you may provide them with a letter of receipt for the items.
3. **Donations of securities** (shares or bonds). For some individuals, there may be a tax advantage to donating securities to a charitable organization. In such a situation, the parish would need to have an investment trading account set up to receive the securities. The value of the shares, and hence the amount of the donation receipt, would be based on the value of the shares on the date the shares are received by the parish in their account and/or legal title is transferred.
4. **Donation receipts cannot be issued for services.** For example, someone provides bookkeeping services, electrical services, or a rental (car or apartment) to use for a period of time. Each of these are considered services for which a donation receipt cannot be issued. One option may be that the donor invoices the parish for the services, the parish pays the invoice and then the donor donates the cheque back to the parish. This is called an “exchange of cheques”. This may not always benefit the donor, as they will need to add the amount paid to them into their income for tax purposes and then record the donation receipt.

Proof of valuation

If the donor cannot provide satisfactory proof of valuation, or there is some uncertainty as to the goods being offered, the parish pastor or finance committee should direct the donor to another organization who may accept their good and provide a donation receipt. Issuing a donation receipt from the parish should be avoided. It is always best to communicate your parishes policy on donations of gifts in kind prior to the donation being made.

Writing Charity Receipts

It is good practice that the person(s) accepting the donation (cash, donations in kind etc.), not be the person responsible for signing the charity receipt. The parish will decide who is authorized to sign the charity receipts, usually those with signing authority for the parish.

We are grateful for the generosity of our donors, however we have a responsibility to ensure all donation receipts conform to the Canada Revenue Agency guidelines and that issuing donation receipts for items difficult to establish a value does not become too onerous for our parishes.

If there are any further questions, please call the pastoral office at 780.424.5496.