



DEVELOPMENT FUND  
ORIENTATION MANUAL

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# SECTION 1

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## Introduction

The Vision of the Sport Alliance of Ontario is to be the focal point; the authoritative and recognized voice of sport in Ontario; and a prominent leader of sport in Canada. One of the strategies of the SAO to achieve the Vision is to enhance the financial resources available to the provincial sport organizations. In co-operation with the Canadian Council of Provincial and Territorial Sport Federations the SAO is pleased to be a partner in the National Sport Trust Fund (NSTF) initiative and to offer the Sport IS Development Fund through the NSTF. This project will permit provincial sport organizations to establish revenue generation programs for which a charitable tax receipt will be provided to qualifying donors.

The Mission of the CCP&TSF is to provide the means for Canada's Provincial and Territorial Sport Federations to network, enhance their effectiveness and manage the National Sport Trust Fund. The SAO is pleased to be able to offer members of the Provincial Sport Organization Council an opportunity to participate in the Sport IS Development Fund through the National Sport Trust Fund. The Canadian Council of Provincial and Territorial Sport Federations (CCP&TSF) of which Sport Alliance of Ontario is a member, is recognized by Revenue Canada Charities Division under qualified donees category as a Registered Canadian Amateur Athletics Association business number 88938 6868 RROOO1. As a function of the CCP&TSF is to manage a national fundraising initiative for amateur sport, the CCP&TSF authorized the Sport IS Development Fund as part of the National Sport Trust Fund, which permits sport organizations from across Canada to raise funds for specific causes that will promote the development of amateur sport in Canada. The Sport Alliance of Ontario acts as the fund manager for all donations made to amateur sport in Ontario. Donors who give to any of the above mentioned funds are eligible to receive a receipt for income tax purposes. An audit is conducted annually by Revenue Canada to ensure that the CCP&TSF is complying with all regulations and standards. As a member of the CCP&TSF the Sport Alliance of Ontario has been authorized to create the SAO's Sport IS Development fund as the Ontario Branch of the NSTF and to act as fund manager for all donations made to amateur sport in Ontario.

## **Why a Sport IS Development Fund?**

Sport in Ontario serves more than 2.3 million people of all ages through more than 80 provincial sport organizations and recreation agencies. Sport is a cross cultural and ethical activity which serves to develop, enhance and foster a lifetime of friendships and healthy lifestyles. During the past decade, sport has had to take a greater responsibility for the development of its financial resources. During this period of time, there has been an increased competition in the marketplace of community funding support and sport has become involved in a proliferation of fundraising efforts.

The Sport IS Development Fund is established as a centralized fundraising effort to provide support to provincial sport organizations. The program will highlight the development of athletes, coaches, officials and volunteer administrators.

The goal of the Sport IS Development Fund is to enhance the development of sport participation in Ontario to ensure that participants have the opportunity to improve their talents to reach their full potential.

The Sport IS Development Fund is a fund raising program established for the continued and future development of amateur sport in Ontario. It represents the culmination of sport-specific funds established by each participating provincial sport organization. Participation in the program is voluntary and available to members in good standing with SAO, through the PSO Council.

The Sport IS Development Fund provides an opportunity for individuals who have benefited from sport to contribute financially to sport programs for current and future generations. Cash donations, monthly/annual contributions, planned financial gifts (i.e. life insurance policies, interest free loans, bequests, etc.) or gifts of valuable property are encouraged. Contributions result in recognition and significant tax savings for the donor.

Funds raised are used to ensure quality sporting opportunities will continue to be available to everyone in Ontario. Each participating organization may develop directed program(s) within their respective fund to channel dollars toward specific causes. For example, a scholarship fund may be established to assist athletes to continue to meet sport and academic goals, a Canada Games fund may be established to cover costs of team development, or a basic legacy fund may be used to cover ongoing operational costs. The applications are bounded only by the creativity of the Provincial Sport Organization.

## **Sport Is Development Fund Objectives**

- To support the youth of Ontario to achieve personal success through sport.
- To support the development of athletes in Ontario.
- To support the development of coaching skills in Ontario.
- To support the development of officials/referee skills in Ontario.
- To support the development of leadership in sport in Ontario.
- To support the development of a strong and focused sport delivery system in Ontario.
- To support the Sport IS promotional campaign.

## **Goals of the Sport IS Development Fund**

As a revenue generation initiative the objectives of the Sport IS Development Fund Support Program are as follows:

- To facilitate a "turn key" fund raising program for Provincial Sport Organizations
- To ensure the objectives outlined for the program are achieved.
- To assist organizations in tailoring the Sport IS Development Fund to meet their specific needs.

## **Benefits of Participating in the Sport IS Development Fund**

The Sport IS Development Fund Support Program offers the following resources and services to participating organizations:

- Sport IS Development Fund image and promotional material on a cost recovery basis (i.e. brochures, posters, donor cards provided on a cost recovery basis).
- Donation administration
- Donor data-base management

- Donor consulting on a request basis
- Volunteer/staff education -Each participating organization will be offered consultation in customizing the Sport IS Development Fund to meet the organization's fundraising and donor needs.
- Complementary programs that support the objectives of the Sport IS Development Fund.

## **Requirements of Participating Provincial Sport Organizations**

- Be a current registered member of the Sport Alliance of Ontario.
- Approval by motion of the Board of Directors to participate in the Sport IS Development Fund. (See sample motion attached to this document.) Appendix A.
- Establish a 'cause' and 'annual program goals.
- Appoint a volunteer(s) and/or paid staff to act as the PSO Fund Administrator of the Sport IS Development Fund.
- Adopt and administer policies and procedures that support the integrity of the Sport IS Development Fund.
- Ensure donors are offered appropriate and consistent recognition for their contributions.
- Promote the Sport IS Development Fund in a manner consistent with the image established for the provincial program.
- Consider establishing programs that will compliment the goals of the Sport IS Development Fund, (e.g. donor incentives, employee gift matching, past president incentives, etc.).

## **Selection Committee**

A project selection committee to ensure that projects meet Revenue Canada criteria will review applications (see sample of Application Form in Appendix B). The committee will be composed of five individuals:

- SAO Vice-Chair - Corporate Affairs
- SAO Director of Finance and Fund Manager
- SAO Director of Operations
- PSO Council Representative
- Sport IS Development Co-ordinator

### **Selection Committee Responsibilities:**

The Selection Committee will meet monthly to review applications. Notification of application status will be distributed within two weeks of the meeting of the Selection Committee. The Selection Committee responsibilities will include the following:

- To review all fundraising proposals and/or sport legacy fund initiatives originating from the Provincial Sport Organizations and verify, on behalf of the National Sport Trust Fund, the bona fide nature of the venture and the proposed usage of the proceeds (cause)
- On behalf of the National Sport Trust Fund allocate a project number upon approval of the fundraising proposal. Any disbursements from the National Sport Trust Fund will reference the approval number
- Provide written notification of the Selection Committee's decision to the Provincial Sport Organization
- On behalf of the National Sport Trust Fund and the SAO, inspect books and records at the Provincial Sport Organization to ensure that amounts actually paid out are in accordance with the stated purposes or cause.



Fundraising projects and/or legacy fund initiatives that do not meet Revenue Canada Guidelines will not be accepted by the Selection Committee under the auspices of the National Sport Trust Fund.

Solicitation of funds must not occur until the decision of the Selection Committee has been confirmed.

## **Appeals**

Decisions of the Selection Committee may be appealed. The applicant must provide Notice of Appeal in writing within 30 days of their receipt of the original decision of the Selection Committee. The appeal should be directed to the National Sport Trust Fund Manager, who will have the sole authority to approve an appeal.

## SECTION 2

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### Fundraising and Application Procedures

#### Application

- Fundraising proposals originating at the local club level must be forwarded to their respective Provincial Sport Organization, who will verify the bona fide nature of the club, review the fund raising goals and the proposed use of proceeds (the cause), and prepare an application.
- Ensure all requirements of participating provincial sport organizations (*Refer to page 4*) including Board motion, cause and program goals, appointment of Fund Administrator, etc. are in place.
- Submit application (see Application Form in Appendix B) together with the approved Board Motion to the Sport IS Development Co-ordinator of SAO.
- The SAO Sport IS Development Fund Selection Committee will review PSO applications monthly and will verify, on behalf of the National Sport Trust Fund, the bona fide nature of the venture and the proposed usage of the proceeds. Approved applications will be assigned an approval number.
- The Sport IS Development Co-ordinator will provide written notification back to the PSO Fund Administrator as to the results of the review.

## **Fund Raising**

- Solicitation of funds must not occur until approval of the project has been received.
- The PSO Fund Administrator should design and use a proper donation form. The purpose of a donation form is to ensure that mandatory information such as donor name, address, donation amount, allocation of donation to specific causes; payee name for cheques, VISA card number, etc. is properly collected. A sample donation form is shown in Appendix C.
- Relationship between CCP&TSF, the SAO, and the PSO -Some donors may wonder why a provincial sport organization can issue income tax receipt. Unless such skepticism is properly addressed, the fundraising campaign cannot be very effective. The brochure in Appendix E contains a simple explanation of the relationship between the CCP&TSF, the SAO, and the PSO and the NSTF. It should be included in the PSO's fund raising package in order to address the skeptical donors' concern in this regard.

## **Remittances and Withdrawals of Donations**

- All donations, including cash, cheques and credit card payments, are to be deposited into the PSO's bank account.
- Donations are to be forwarded to the SAO Sport IS Development Fund Co-ordinator monthly or upon completion of the project whichever comes first.
- The PSO should issue a cheque payable to the SAO -National Sport Trust Fund for the donations received during the month.
- Donations paid by cheques are to be included in the PSO's monthly remittance only after the cheques have cleared.
- Donations paid by credit cards must be remitted in full.
- The monthly remittance is to be accompanied by a list outlining the donors' information (including names, addresses, and amounts), a copy of the donation forms, and a letter requesting a donation from the National Sport Trust Fund (see Appendix C & D).
- The turn around time between the date of remittance and the release of the NSTF donation back to the PSO usually will not be more than 1 month.

## **Data Base Management and Issuance of Tax Receipts**

- On behalf of the NSTF, the SAO will enter the donors' information into the Sport IS Development Fund database.
- A tax receipt will be issued and mailed to the donor immediately. Should the PSO wish to include a thank-you letter, it should be given to the Sport IS Development Fund Co-ordinator beforehand for inclusion with the income tax receipt.
- Request for duplicate receipt should be forwarded to the Sport IS Development Fund Co-ordinator. A fee of \$5 per receipt will be charged to the PSG.

## **General Books and Accounts**

The accounting records relating to the fund raising project must be kept properly by the PSO for a period of 6 years, and must be made available for review, inspection and audit by the SAO on behalf of the NSTF or by Revenue Canada. The following records and documents must be kept:

- Agreement with the SAO and SAO's approval for the fundraising project.
- Copy of donors' cheques
- Copy of credit card authorization slips
- Copy of any forms or letters filled out by the donors
- Copy of the PSO's cheques for monthly remittances to the SAO and the attached donor lists.
- Copy of SAO's cheques to the PSO for fund release
- Bank statements showing deposits and disbursements relating to the fund raising project.
- General books and accounts containing transactions relating to the fund raising project.
- Financial statements for the fund raising project.

## **Fees**

- The SAO fees are \$2.00 per tax receipt plus a 3% commission on all donations.
- Application fee of \$50 per project. ∴ Duplicate receipt -\$5 per receipt. ∴ Downloading of database -No charge for a one-time downloading of donor information for a completed project. Charges are applicable for additional downloading requests.

## SECTION 3

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### **What is a Deductible Gift?**

Revenue Canada 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
- the transfer must be voluntary
- the donor expects and receives no material benefit in return

Such a donation would qualify for a tax receipt. However, there are many donations that do not qualify for tax receipts under Revenue Canada guidelines. The following explanation of qualifying and non-qualifying donations includes:

- Cash Donations
- Gifts in Kind
- Donations of Services
- Planned Giving

### **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.

## **Qualifying Cash Donations:**

- Any voluntary and accountable cash donation made with no expectation of goods or services in return -minimum amount
- Partial payment for admission to fund-raising events (if the admission price is more than the fair market value of the event. Refer to page 13)

## **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, bingos and other games of chance, contests for prizes, and draws
  - Payments for memberships which result in material benefits for members
  - Payments for purchases of goods or services even if the purchase price exceeds the fair market value (Refer to page 17)
  - Payments made to offset a charity's cost of providing services such as food and lodging at a seminar or conference
  - Fees for services (Refer to page 16)
  - Donations which the donor has directed for use by a specific individual or family
  - Tuition fees
  - Donation directed to foreign charity

## **Tax Receipts for Cash Donations Examples**

### **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 IS Development Fund.

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

### **Donations with Inducements**

Inducements are items given to donors in appreciation for donations received. A tax receipt may be issued if the inducement is of nominal value.

In June 1997 Revenue Canada introduced an objective test for determining whether an inducement or gift is considered to be a nominal value. The fair market value must not exceed the lesser of:

- a) 10% of the amount of the donation, or
- b) \$50

This means that for a donation of \$100 an inducement valued under \$10 would be considered of nominal value. For the \$50 limit to apply the donation would have to be at least \$500.

Where the fair market value cannot be determined, the benefit is not considered to be a nominal value, and no tax receipt may be issued. This would be the case where the type of benefit is unique, such as something not readily available on the open market, or the extent to which the benefit will be used is unknown, such as with coupons offering a discount on purchases of goods.

A tax receipt may not be issued if the inducement does not qualify as nominal and has a resale value (chocolate bars, greeting cards, etc.). In this case the transaction is a purchase, not a donation, - even if the purchase price exceeds the fair market value of the item.

## **Separation of Purchase and Gift**

In certain circumstances a donor can both purchase something from a charity and make a gift. There must be two separate transactions that are independent of each other. If the donor can only purchase the item if contribution is made, there is no deductible gift. Where, however, anyone can purchase the item without making any other payment, an additional contribution made by a purchaser is a deductible gift.

As with goods, a transaction involving the purchase of a service must be separated from any donation in order for there to be a deductible gift. For example, if a donor can only attend a meeting or conference if a payment is made to offset costs of food, lodging or other expenses, there is no deductible gift.

Where goods or services are available free of charge to anyone, and at the same time donations are sought to help defray costs, it is important to ensure the two transactions are separate, that obtaining the goods or services is not dependent on making a donation, if tax receipts are to be issued for these gifts.

## **Special Events Fundraising**

A fundraising event is defined as a dinner, concert, dance, show or similar event (excluding auctions). Tickets are sold for use on a specific date, and if not used have no resale value.

A tax receipt may be issued for the difference between the fair market value of the event and the admission price paid, if the purchase price of the ticket exceeds the fair market value of the goods (food, beverages, etc.) or services (entertainment, etc.) provided.

A tax receipt may not be issued if the admission price includes a chance to win door prizes or more than nominal value, regardless of the admission price paid even if the prize has been donated.

The fair market value is established by comparing the event to a similar non-charity related event. In the absence of a comparable event, the cost of putting on the event as a profit-making venture is estimated, and a suitable admission price is established.



## **Third Party Fundraising**

In certain situations, special interest groups such as ethnic cultural groups, community associations or church organizations raise funds for donation to the Sport IS Development Fund, and request tax receipts for all contributors.

Tax receipts may be issued to all contributors only if a record of all donors and their corresponding donations is supplied. The accuracy of such a record can be ensured by supplying temporary (unofficial) receipts to be issued at the time of the donations, and later returned to the SAO with the donations. Official receipts may then be issued by the Sport IS Development Fund.

If no such record has been kept, a tax receipt may be issued only to the person or organizations identified on the donation cheque.

At the discretion of the Fund Manager, third party fundraisers acting on behalf of the Sport IS Development Fund may be authorized to issue official receipts as long as the PSO has strict controls and accountability.

## **Gifts in Kind and Services**

Gifts in kind are a donation of property other than cash (e.g. a gift of real estate or art). These types of gifts will require the evaluation of an independent appraiser for tax receipt purposes. Certain types of gifts such as gifts of time or service, payment of admission or membership fees, or gifts of little or no value are not eligible for a charitable tax receipt.

## **Qualifying Gifts in Kind**

- Voluntary donations of goods made with no expectation of goods or services return
- Donations of inventory of a business (*note* - the business must include the fair market value of the goods in its sales revenues, *refer to page 17*)
- Supplier's discounts which have been initially paid for by the charity, and later voluntarily returned as a donation (*note* - the donor must declare the non-discounted value of the goods as income on their income tax return, *refer to page 17*)

## **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
- Donations of goods in fulfillment of the terms of a legally binding contract sponsorship agreements)

## **Tax Receipts for Gifts in Kind and Donations of Services Example**

### **Artist's Donations**

A tax receipt may be issued to artists who wish donate artwork of their own creation. The fair market value must be established by a qualified appraiser with no personal interest in the artwork. A tax receipt may then be issued for the fair market value quoted in the appraisal.

Tax receipting procedures for donations of artwork depend on the status of the artist:

If the artist makes a full-time living from creating works of art, refer to Business Donations of Goods from Inventory (refer to page 17).

If the artist creates works of art as a hobby only, refer to Personal Donations of Goods (refer to page 20)

Note - The tax receipt must be made out for the fair market value of the artwork event if it is later sold or auctioned for a higher or lower price. For example, if a painting has been appraised for a fair market value of \$1,000, and is later auctioned for \$1,500, the tax receipt is made out for \$1,000.

## **Donations of Services**

The following guidelines apply to both personal and business donations of services.

A tax receipt may be issued for donations of services only if a payment for services is voluntarily returned as a cash donation.

An invoice must always be supplied by the donor for the value of the services performed. The invoice ensures that the donor declares the receipted amount as income on their income tax return, as required by Revenue Canada.

A cheque exchange must always take place. The SAO issues a cheque to pay the invoice. The donor can then issue a cheque to voluntarily return the payment as a donation, and receive a tax receipt for the donated amount.

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

## **Qualifying Donations of Services**

- Services which have been paid for by the charity if the payment is voluntarily returned as a donation (note the donor must declare the fair market value of the donated services as income on their income tax return, refer to page 19)
- Supplier's discounts which have been initially paid for by the charity, and later voluntarily returned as a donation (note - the donor must declare the non-discounted value of the services as income on their income tax return, refer to page 17)

## **Non-Qualifying Donations of Services**

- Donations of services for which the donor requests a receipt in lieu of payment
- Supplier's discounts for which the donor requests a tax receipt In exchange for the value of the discount

- Donations of services in exchange for advertising or promotion
- Donations of services in fulfillment of the terms of a legally binding contract (e.g., rent reduction)

## **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 SAO 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.

## **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 SAO 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 Fund Manager, 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.

## **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.

## **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.

### **Goods Valued Under \$1,000 with Invoice**

For personal donations of goods accompanied by an invoice, the SAO 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.

### **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 17).

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. PSO Fund Managers are 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

### **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). Appraisals must be carried out by a qualified appraiser not associated with the Sport Alliance of Ontario or the donor. 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 Fund Manager.

## **Plan Giving**

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.

## **Donations of Life Insurance Policies**

Tax receipts may be issued for premiums paid on life insurance policies which have been donated to the SAO. In this case, the SAO is the sole owner of the policy while the insured/donor pays the premiums. All documentation regarding ownership of the policy must be processed through the Provincial Fund Manager prior to issuing tax receipts.

Tax receipts may not be issued if the donor continues to won the policy and names the SAO as a beneficiary, or if the donor has a policy payable to their estate with the SAO named as beneficiary.

For further information on donations of life insurance policies contact the Provincial Fund Manager.

## **Bequests**

Bequests are donations which have been directed to the SAO upon the death of the donor, as stated in their will.

Due to the complexity of the regulations governing these types of donations, guidelines are not discussed in this manual.

For questions regarding bequests contact the Provincial Fund Manager.

## **Annuities**

Annuities are irrevocable donations, which the SAO may invest on behalf of the donor, with the stipulation that the donor receives a guaranteed payment for life, at a rate specified by the life expectancy of the donor.

Due to the complexity of the regulations governing these types of donations, guidelines are not discussed in this manual.

For questions regarding annuities contact the Provincial Fund Manager

## **SECTION 4**

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### **Documentation Requirements**

This section discusses guidelines for documentation management as applied to:

- Appraisals and Assessments of Fair Market
- Contents of official receipts
- Spoiled Receipts
- Lost Receipts
- Date of Donation
- Retention of Receipts
- Motion



## **Appraisals and Assessments of Fair Market Value**

All appraisals and supporting documentation for assessments of fair market value (price lists, invoices, sales tags, etc.) are kept with the SAO's copy of the tax receipt.

## **Contents of Official Receipts**

Official receipts for income tax purposes will be distributed by the SAO and will include the following information:

- ❖ The Canadian Council of Provincial and Territorial Sport Federations Address
- ❖ The CCP&TSF registration number (RN. 88938 6868 RROOOO1)
- ❖ The serial number of the receipt
- ❖ The Provincial Office address
- ❖ The date the donation was received (refer to page 26)
- ❖ The date the receipt was issued (if different from the date on which the donation was received)
- ❖ The name and address of the donor
- ❖ The amount of the cash donation or the fair market value of donated goods
- ❖ The signature of a responsible individual who has been authorized to acknowledge donations
- ❖ Donations of goods only :
  - A brief description of the goods
  - The name and address of the appraiser if an appraisal was completed.

## **What happens if?**

### **Spoiled Receipts**

A receipt is considered to be spoiled if any of the following information has been illegibly or incorrectly entered:

- ❖ The date on which the donation was received
- ❖ The description of donated goods
- ❖ The amount of the donation

The spoiled receipt must be marked "cancelled", and a new receipt is issued. Both copies of the spoiled receipt must be kept.

## **Lost Receipts**

If a donor loses a receipt and requests a replacement, the SAO's copy of the original receipt must be located and marked "cancelled". The replacement receipt must clearly state that it is a replacement, and must indicate the serial number of the original receipt.

If a donor claims that no receipt was received for a donation, a replacement receipt may be issued using the above procedures. If, however, no original receipt can be located, the donation must be verified with the SAO's records before a tax receipt may be issued.

## **Date of Donation**

Tax receipts must be issued for the date on which the donation was received by the SAO. If, for example, the donor mailed a donation near the end of 1999, and the SAO received the donation in the early part of 2009, the tax receipt must be dated for 2010.

However, if the postmark on the envelope bears a date in 2009, Revenue Canada will accept a 2009 receipt. In this case, the postmarked envelope must be retained with the SAO's copy of the tax receipt.

## **Retention of Receipts**

Copies of issued tax receipts will be kept for six years after the year-end of the date of the donation. For example, if a donation is received on August 1, 2009, the SAO's copy of that receipt must be kept until December 31, 2015.

Tax receipts for restricted bequests may have to be retained for a longer period of time, depending on the stipulations of the will. For questions regarding the retention of receipts for bequests, contact the Provincial Fund Manager.

## Appendix A

### SAMPLE MOTION APPROVAL SPORT IS DEVELOPMENT FUND

#### MOTION:

That the (Provincial Sport Organization) supports and is a willing participant in the Sport IS Development Fund program. That the (Provincial Sport Organization) agrees to the following requirements for participation:

- ❖ To adopt and accept the program policies and procedures as provided by the Sport Alliance of Ontario, including all applicable fees and charges specified therein.
- ❖ To establish a "cause" and "annual program goals"
- ❖ To appoint a volunteer(s) and/or paid staff to act as PSO Fund Administrator of the program
- ❖ To promote the Sport IS Development Fund in a manner consistent with the image established for the program by the Sport Alliance of Ontario



Fundraising Project Application Form

To be completed by either the sport association conducting the fundraising or the provincial sport federation. Please submit completed applications for approval prior to the start of fundraising to SIDF Manager, c/o Sport Alliance of Ontario to the address listed at the bottom of this form. Please complete all sections of this form so that we can properly assess the project. Please type or print.

Identification

Organization: \_\_\_\_\_
Address: \_\_\_\_\_ City/Province: \_\_\_\_\_
Postal Code: \_\_\_\_\_ Phone # ( ) \_\_\_\_\_
Fax # ( ) \_\_\_\_\_ e-mail: \_\_\_\_\_

Project Information

Name of Fundraising Project: \_\_\_\_\_
Project Start Date: \_\_\_\_\_ Completion Date: \_\_\_\_\_

The proceeds from this fundraising will be used for the following cause: \_\_\_\_\_

Method (s) of procuring \_\_\_\_\_
Will solicitation material be given to potential donors? Yes \_\_\_ No \_\_\_
If so please provide a copy of the solicitation material for our files.
Projected amount of money to be raised: \$ \_\_\_\_\_
Donations will include: \_\_\_\_\_ Cash, cheques, credit card
\_\_\_\_\_ Donations in Kind (Please specify) \_\_\_\_\_
\_\_\_\_\_ Planned Gift (Please specify) \_\_\_\_\_

Verification

Will donations by members reduce the amount of their membership fee? Yes \_\_\_ No \_\_\_
Will donations directly or indirectly benefit someone related to the donors? Yes \_\_\_ No \_\_\_
Are donations mandatory for some donors? Yes \_\_\_ No \_\_\_
Will donations be conditional that they be used to support a specific athlete(s)? Yes \_\_\_ No \_\_\_
If the answer is "Yes" to any of the above questions, please submit a more detailed explanation providing the necessary justification.

Declaration

I understand that a donation must be a voluntary transfer of property without valuable consideration. I confirm that no benefit of any kind will be provided to the donor or to anyone designated by or related to the donor, except where the benefit is of nominal value. I understand further that civic penalties can be imposed against me or the donors for the misrepresentation of tax matters. I understand the Canada Customs and Revenue Agency regulations relating to charitable donations and the procedures of the Sport IS Development Fund, and will ensure that these regulations are adhered to.

Enclosed is a cheque in the amount of \$50.00 in payment of application fee ( )

Name of contact Person (Please print)

Date

Position held in organization

Signature

Sport Is Development Fund, c/o Sportalliance, 3 Concorde Gate, Suite 313, North York ON, M3C 3N7



Fundraising Project Re-Enrollment Form

To be completed by either the sport association conducting the fundraising or the provincial sport federation. Please submit completed applications for approval prior to the start of fundraising to SIDF Manager, c/o Sport Alliance of Ontario to the address listed at the bottom of this form. Please complete all sections of this form so that we can properly assess the project. Please type or print.

Identification

Organization: \_\_\_\_\_
Address: \_\_\_\_\_ City/Province: \_\_\_\_\_
Postal Code: \_\_\_\_\_ Phone # ( ) \_\_\_\_\_
Fax # ( ) \_\_\_\_\_ e-mail: \_\_\_\_\_

Project Information

Name of Fundraising Project: \_\_\_\_\_
Project Start Date: \_\_\_\_\_ Completion Date: \_\_\_\_\_
The proceeds from this fundraising will be used for the following cause: \_\_\_\_\_
Method (s) of procuring \_\_\_\_\_
Will solicitation material be given to potential donors? Yes \_\_\_ No \_\_\_
If so please provide a copy of the solicitation material for our files.
Projected amount of money to be raised: \$ \_\_\_\_\_
Donations will include: \_\_\_\_\_ Cash, cheques, credit card
\_\_\_\_\_ Donations in Kind (Please specify) \_\_\_\_\_
\_\_\_\_\_ Planned Gift (Please specify) \_\_\_\_\_

Verification

Will donations by members reduce the amount of their membership fee? Yes \_\_\_ No \_\_\_
Will donations directly or indirectly benefit someone related to the donors? Yes \_\_\_ No \_\_\_
Are donations mandatory for some donors? Yes \_\_\_ No \_\_\_
Will donations be conditional that they be used to support a specific athlete (s)? Yes \_\_\_ No \_\_\_
If the answer is "Yes" to any of the above questions, please submit a more detailed explanation providing the necessary justification.

Declaration

I understand that a donation must be a voluntary transfer of property without valuable consideration. I confirm that no benefit of any kind will be provided to the donor or to anyone designated by or related to the donor, except where the benefit is of nominal value. I understand further that civic penalties can be imposed against me or the donors for the misrepresentation of tax matters. I understand the Canada Customs and Revenue Agency regulations relating to charitable donations and the procedures of the Sport IS Development Fund, and will ensure that these regulations are adhered to.

Enclosed is a cheque in the amount of \$25.00 in payment of application fee ( )
Enclosed are financial statements for the previous year (s) ( )

Name of contact person (please print)

Date

Position held in organization

Signature

Sport Is Development Fund, c/o Sportalliance, 3 Concorde Gate, Suite 313, North York ON, M3C 3N7



Sport IS Development Fund (SIDF) Donor Form

National Sport Trust Fund

Date: \_\_\_\_\_

C/o Sport IS Development Fund Administrator

Sport Alliance of Ontario

3 Concorde Gate, Suite 313

Toronto, ON M3C 3N7

Dear Sport IS Development Fund Administrator,

At the request of \_\_\_\_\_ I am donating \$ \_\_\_\_\_  
to the Sport IS Development Fund toward the development of amateur sport in Ontario.

Donations are made:        in Cash \_\_\_\_\_        by Cheque \_\_\_\_\_  
   by Credit Card (Master Card, Visa, etc...) \_\_\_\_\_  
   Credit Card # \_\_\_\_\_    Expiry Date \_\_\_\_\_

I wish my donation to support the following cause(s):        % of donation  
1. \_\_\_\_\_        \_\_\_\_\_  
2. \_\_\_\_\_        \_\_\_\_\_

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 the result of my donation. I confirm that this donation does not or will not reduce any obligation directly or indirectly that I (or related parties) have for "non qualifying" expenses such as membership, training or program registration fees, travel, expenses of 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: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY/PROV: \_\_\_\_\_ POSTAL CODE: \_\_\_\_\_

\_\_\_\_\_  
Signature

**\*\*Please make cheques payable to "Sport IS Development Fund"**

Note: This is not an official tax receipt.

RCAA BN 88938 6868RROOOI



Date: \_\_\_\_\_

National Sport Trust Fund  
c/o Sport IS Development Fund Administrator  
Sport Alliance of Ontario  
3 Concorde Gate, Suite 313  
Toronto, ON M3C 3N7

Dear SIDF Administrator,

At the request of the \_\_\_\_\_ I have collected donations in the amount of \$ \_\_\_\_\_ **(Provincial Sport Organization)** to the SPORT IS DEVELOPMENT FUND towards the development of sport in Ontario.

As consistent with Income Tax interpretations of "qualifying donations", these contributions have been made voluntarily without any conditions and no benefit will accrue to the donors or related parties. I confirm that these donations do not or will not reduce any obligation, directly or indirectly, that the donors (or related parties) have for "non qualifying expenses" such as membership, training or program registration fees, travel expenses or other like expenses that they 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 or the donors for the misrepresentations of tax matters. Based on these facts, I understand that an official receipt for income tax purposes will be issued to the persons attached.

I certify that all cheques relating to the donations included in this remittance have cleared our bank account properly.

The \_\_\_\_\_ would like to request a donation from the Sport IS Development Fund in the amount of \$ \_\_\_\_\_.

The organization requests that funds be distributed right away, less 3% total revenues generated, plus a \$2.00 administration fee per receipt.

\_\_\_\_\_  
Signature

## Appendix E

### **Relationship Between CCP&TSF, Sport Alliance of Ontario and the Provincial Sport Organizations**

The Mission of the CCP&TSF is to provide the means for Canada's Provincial and Territorial Sport Federations to network, enhance their effectiveness and manage the National Sport Trust Fund.

The SAO is pleased to be able to offer members of the Provincial Sport Organization Council an opportunity to participate the Sport IS Development Fund through the National Sport Trust Fund. The Canadian Council of Provincial and Territorial Sport Federations (CCP&TSF) of which Sport Alliance of Ontario is a member, is recognized by Revenue Canada - Charities Division under qualified donees category as a Registered Canadian Amateur Athletics Association business number 88938 6868 RROOOI.

As a function of the CCP&TSF is to manage a national fundraising initiative for amateur sport, the CCP&TSF authorized the Sport IS Development Fund as part of the National Sport Trust Fund, which permits sport organizations from across Canada to raise funds for specific causes that will promote the development of amateur sport in Canada. The Sport Alliance of Ontario acts as the fund manager for all donations made to amateur sport in Ontario. Donors who give to any of the above mentioned funds are eligible to receive a receipt for income tax purposes.

An audit is conducted annually by Revenue Canada to ensure that the CCP&TSF are complying with all regulations and standards. As a member of the CCP&TSF the Sport Alliance of Ontario has been authorized to create the SAO's Sport IS Development Fund as the Ontario Branch of the NSTF and to act as fund manager for all donations made to amateur sport in Ontario.



## Frequently Asked Questions

**1. What can I use the money for? What are allowable expenses? Are our PSO staff salaries eligible?**

All monies must be used for the benefit of PSO members, within the project proposal approved by the SAO. A portion of the funds allocated to the project may be used for administrative costs and management fees.

**2. Do I need a separate bank account for these funds?**

No, however the funds must be accounted for clearly within the PSOs books and adequate records must be kept. The PSO must understand that using such funds for any purpose other than the ones approved by the SAO will constitute a criminal offence, and will trigger immediate investigation, audit and possibly criminal charges by Revenue Canada.

**3. When cheques come in, made out to my PSO, do I give them directly to the SAO? Or do I write a cheque on my account to the SAO for the total?**

Write a cheque on your account to the National Sport Trust Fund (SAO) for the total with an attachment of the breakdown.

**4. How often do I forward monies to the SAO? Weekly? Monthly?**

Monthly or upon completion of the project, whichever comes first.

**5. What donor information do I have to provide to SAO? Is full mailing address sufficient? Do I need to forward anything else, e.g., copy of the donor's letter or signature agreeing to donate?**

Name, address, amount of donation, method of payment and, if payment is by cheque, PSO's declaration that the cheque has cleared. In addition, the PSO is required to keep all documents relating to the donation receipts (cheques, VISA slips, donor's letter agreeing to donate, forms filled out by donors, if any, etc.)

**6. How long will the money stay with SAO before my PSO gets the proceeds back? How long before the donor gets his/her receipt?**

The turn around usually will not be more than one month from the date of receipt by the SAO.

**7. Will the SAO be mailing the tax receipts directly to the donor? How can I include a thank-you letter?**

Yes, SAO is responsible for mailing all receipts. Your thank-you letter can be given to the SAO for inclusion with the receipt.

**8. How can I access the list of donors for follow-up mailings?**

The SAO will download such data at no extra cost to the PSO. (Note: Restricted to a one-time downloading only. Handling fee is applicable to additional requests.)

**9. Will the SAO use the list for any purposes other than administering the Sport IS program?**

The SAO will not do so without the expressed, written consent of the PSO, and only for purposes approved by the PSO.

**10. What about gifts-in-kind, if a donor gives me \$10,000 worth of equipment, what proof do I have to give SAO to trigger a tax receipt?**

See "Gifts in Kind and Services" in Sport Is Development Fund Manual.

**11. How do I pay the administration fee on gifts-in-kind?**

The PSO must still pay the fee to SAO, in cash, prior to the mailing of tax receipts.

**12. What if a donor's cheque is NSF? Does he/she still get a receipt? How will my PSO (or SAO) be reimbursed?**

As indicated in question 3 above, the monthly payment made by the PSO to the SAO includes only cheques that have properly cleared. Therefore, a tax receipt will not be issued to donors with NSF cheques.

**13. What if a donor needs a duplicate receipt? Is there a fee for this? What is the procedure?**

The PSO must request duplicates in writing, including the donor's full name and address. A \$5 fee per duplicate will apply.

**14. What about credit card donations? If my PSO pays the credit card company 3%, is the tax receipt issued on the face value of the gift or the net value we realize?**

The tax receipt is on the face value of the donation. The 3% VISA charge is to be applied by the PSO against the revenue raised.

**15. What is the term of each of my projects? Do they have to end on December 31?**

No, for income tax purposes, tax receipts must be issued for all donations received on or before December 31, but the project can continue after the calendar year end. For simple administration and tracking, PSO's are encouraged to limit the time frame of their fund-raising projects to not more than 1 year.

**16. Can I make a portion of my PSO membership fees (or event entry fees, etc) a donation? For example, if our fees are \$20 per year, can we charge \$30 and issue a tax receipt for \$10?**

A tax receipt cannot be issued for membership fees. If a member chooses to pay more than the regular membership fee as a donation to the PSO, such additional payment must be clearly indicated in the membership application form in a separate area on the form, and a tax receipt can be issued for the extra payment.

**17. What kind of records do I need to keep on hand in case of an audit?**

1. agreement with SAO and SAO's approval for the fund-raising project
2. copy of donors' cheques
3. copy of credit card authorization slips
4. copy of any forms or letters filled out by the donors
5. copy of the PSO's cheques for monthly remittances to the SAO and the attached donor lists
6. copy of SAO's cheques to the PSO for fund release
7. bank statements
8. general books and accounts

**18. What if I want to participate but don't have the human or financial resources? The implication is, would SAO develop campaigns for such PSOs for a fee?**

The SAO is prepared to work with PSOs to develop campaigns if the PSO lacks resources to do so itself, subject to availability of our own financial and human resources. Fees are negotiable. Our bottom line is: we must recover all costs (direct and indirect) and achieve breakeven.

**19. Can my PSO offer use of the tax number to our clubs or teams?**

At present only PSOs (not their affiliated clubs or regions) can apply to the Fund. The PSO may only use the tax number for projects approved by the SAO, and cannot "delegate" use of the number. To do so would be a criminal offence. Only the SAO can issue tax receipts within the program.

**20. A fundraising event is being held and the hall and food are being donated. How does this affect the assessment of the fair market value of the event?**

It doesn't. The fair market value reflects the admission price that would be charged if the event was a profit-making venture. Donations or discounts of goods and services are disregarded.

**21. We are setting up a booth with Christmas candles in exchange for non specified donations. Can we issue tax receipts?**

No. The exchange of cash for a candle would be a purchase, and no tax receipt would be issued. However, if a donor made a second, completely separate donation, without receiving any goods in return, a tax receipt could be issued - for the second donation only.

**22. A donor has requested a tax receipt for donations that have been deducted from their pay cheque. Should a tax receipt be issued?**

No. Usually, the employee's T-4 slip will state any donations that have been deducted from their paycheck. The T-4 is used for claiming the appropriate income tax deductions.

**23. Who pays for independent appraisals to determine the fair market value of donated goods?**

It depends. Appraisal costs are negotiated with the donor. If the donor pays for an appraisal, the independence of the appraiser should be verified.

**24. A donated VCR is accompanied by the original five-year old store invoice which quotes a price of \$850. Can the invoice be used to determine the fair market value of the item?**

No. Advances in technology have resulted in substantially lower prices for electronic equipment. The five-year old invoice does not reflect a reasonable current replacement cost. A current listing of sales tag is necessary to determine fair market value.

**25. A business has donated a desk with a fair market value of \$700. Should the tax receipt be made out for \$700 plus the additional sales taxes?**

No. Provincial and Federal taxes are disregarded when issuing tax receipts for donations of services and goods.

**26. A business has donated warehouse space. Does this donation qualify for tax receipt?**

This donation would be a donation of services, and a tax receipt could be issued using the appropriate guidelines (refer to page 17). However, because Revenue Canada requires that the value of any donations used as tax deductions must also be included in the sales revenues of the business, the business donor may not realize any benefit from a tax receipt.