

# Holland Bloorview

Kids Rehabilitation Hospital Foundation

## Holland Bloorview Kids Rehabilitation Hospital Foundation Guidelines for Income Tax Receipts for Special Events



### Overview

In order to protect our status as a charity, Holland Bloorview Kids Rehabilitation Hospital Foundation (Holland Bloorview) must adhere to the following guidelines which reflect Canada Revenue Agency (CRA) regulations.

If you are planning an event, please be sure you understand the following rules before offering any income tax receipts. For clarification on any of the points below, please contact the Foundation by email at [foundation@hollandbloorview.ca](mailto:foundation@hollandbloorview.ca) or telephone at (416) 424-3809.

***A gift is defined as a voluntary transfer of property without valuable 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.***

### Event Receipting

Events and “like events,” such as galas, concerts or golf tournaments can, at times, receive income tax receipts if it is clear that a gift was made.

If an event is run and the ticket price exceeds the fair market value by more than 20% of the benefits received by the participant, then an official 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 fair market value. Only the price paid beyond the fair market value of the benefit received is eligible for a tax-receipt.

#### **Example:**

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 would be **\$70** (\$250-\$100-\$80). As \$70 is greater than 20% of the ticket price, then the participant is eligible to a \$70 receipt.

If \$70 was less than 20% of the ticket price, then the participant would NOT be entitled to an official income tax receipt.

## Issuing Receipts to Event Participants

In order to offer and issue income tax receipts to event participants, the following information must be provided to Holland Bloorview:

- Ticket Price
- Fair Market Value (FMV) of each item received by the participant as a benefit
- A clear list of participants requesting income tax receipts along with their addresses

FMV is defined by 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.”

Note: Holland Bloorview cannot issue income tax receipts if the sum of the receipts requested exceeds the sum of the proceeds received from the event.

## Holland Bloorview CANNOT issue official income tax receipts in the following situations:

- purchases of raffle tickets, admission tickets, greens fees and goods
- when the fair market value of the benefit cannot be determined, none of the ticket price paid will be eligible for a tax receipt
- both cash and in-kind sponsorships are not receipted. Sponsors, usually companies, receive the benefit of advertising or promotion, which is a legitimate business expense.

## Gift in Kind Receipts

You may have received a gift in kind for use at your event. This may be receiptable, dependent on the circumstances. Please refer to the Gift-in-Kind Receipting Guidelines.

## Holland Bloorview Kids Rehabilitation Hospital Foundation Guidelines for Gifts in Kind



***A gift in kind is defined as a gift of property other than cash.***

Gifts in kind may be accepted by Holland Bloorview Kids Rehabilitation Hospital Foundation (Holland Bloorview) for use by Holland Bloorview Kids Rehabilitation Hospital or they may be accepted for use at an event.

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, as they would also be required to claim the fair market value in its revenues. Holland Bloorview will gladly provide the company with a thank you letter acknowledging the gift.

### Issuing income tax receipts for gifts in kind

- the gift in kind must be useful and accepted by either Holland Bloorview or an Event coordinator
- the receipt is issued for the fair market value (FMV)
- the FMV is supported in the following manners:
  - gifts of artwork, collectibles or items of a unique nature must be accompanied by a current (less than one year) independent appraisal
  - other gifts in kind require independent support of FMV; but not necessarily an appraisal
  - the appraisal is to include the following information:
    - the signature and credentials of the appraiser
    - a description, photo and history of the piece of artwork
    - references to recent and comparable sales of the artists work in the market that were used to substantiate market value
- if the item was purchased within the last 3 years, then the fair market value is considered to be the lesser of the purchase price or the amount revealed in the appraisal.

### Important Notes:

- Holland Bloorview may require the donor to obtain an evaluation to confirm the value of the gift, if it is greater than \$1,000
- all costs associated with the gift are borne by the donor ie. Appraisal costs, other supporting documentation, delivery charges, etc.
- fair market value does not include amounts payable to others, such as commissions to sales agents or sales taxes like the GST and PST
- Holland Bloorview does not accept bulk donations of art; there is a limit of one or two pieces per donor in any given year.

**Holland Bloorview CANNOT issue official income tax receipts in the following situations:**

- Contributions of services (not considered as property)
- Gift certificates where the donor was the issuer or the certificate was not purchased outright and then donated
- Use of vacation property