Policy 12: Charitable Donations and Tax Receipts

Updated and approved by Board of Directors: January 2025 and CIty of Kitchener

PURPOSE

The Kitchener Minor Baseball Association is a not-for-profit organization. The association is given its mandate to operate from the City of Kitchener Community Services Department and is not a charity. As such KMBA is not able to give a “Charitable Tax Receipt” to donors of funds to the association. However, donors of funds to the association may receive “Charitable Tax Receipt” through the City of Kitchener. This policy outlines the procedure for obtaining a Charitable Tax Receipt as per the City of Kitchener Donation policy.

PROCEDURE

Part (A)

City of Kitchener Donation policy – explanation for clubs

Individuals or businesses can choose to ask for a receipt for income tax purposes. A business could opt to use it as a business expense – higher percentage tax credit level than a donation. In this case, the cheque can be made payable to the club no matter what the amount.

If an individual or business does make a donation, it must be to the club with no reference to an individual or a team in the memo line.CRA sees this as a personal benefit and will tax the recipient. When the donation is less than $500, it can be sent directly to the club. If over $500, it must be made payable to the City of Kitchener. Upon receipt, Finance will write a separate cheque to the club.

The city can issue a tax receipt to the donor in either case. If a Foundation or business requires a charitable number, the donation must be made payable to “the City of Kitchener”. While the city does not have a charitable number, CRA does allow our city to issue a tax receipt for our affiliated clubs because we have some level of “control” when donations are made under these circumstances.

Part (B) To receive a "Charitable Tax Receipt" the donor/sponsor will follow this procedure:

CITY OF KITCHENER

Donations – Made to City-Related Organizations

- Pursuant to Section 110 1a of the Income Tax Act, donations to a municipality are tax deductible without the necessity of a charitable registration number.
- As a municipality, the City of Kitchener is authorized to issue receipts for tax purposes when a donation is made to the municipality.

When the donation is made to a City-related organization, the policy to be followed for the issuance of a tax receipt is as follows:

1. **Donation of Cash**

- An official receipt is issued by the Finance Department for all cash donations received from both individuals and businesses.
- If the donation is less than $500, the donation can be made directly to the organization. The organization should then forward to the City a list providing the donor(s) name, address, donation amount and proof of receipt (bank deposit slip, bank statement, etc.) The Finance Department will then issue an official receipt.
- If the donation is greater than $500, the donation must be made directly to the City specifying the organization to which the funds are to be used. The Finance Department will then issue an official receipt. As well, the Finance Department will issue a payment to the organization for the amount of the donation.

2. Donation of Goods or Services

- An official receipt is issued by the Finance Department for donations of goods or services from a Business.
- An invoice marked "paid" must be submitted to the City in order to determine the value of the goods or services donated. The invoice must be approved by the organization receiving the donation. The invoice should then be forwarded to Finance and Finance will issue an official receipt.
- If no invoice marked "paid" is received, then no charitable receipt is needed because a donation of a good or service from a business is already a tax-deductible business expense. A letter of thanks should be sent from the City Department on behalf of the related organization receiving the donation to recognize receipt of the goods or services donated. The letter should specify what has been donated and the dollar value of the donation.

3. **Donation of Goods**

- For donations of a good by an individual, an official receipt for tax purposes is issued by the Finance Department. A receipt(s) must be submitted to the City in order to determine the value of the goods donated. The receipt must be approved by the organization receiving the donation and then the receipt should be forwarded to the Finance Department. The Finance Department will then issue an official receipt.

4. **Donation of Services**

- No official receipt for tax purposes is issued for the donation of a service by an individual.

5. **Donation of Artwork (or valuable goods)**

- An official receipt for tax purposes is issued by the Finance Department for all donations of artwork or valuable goods.
- The value of the artwork or valuable good needs to be determined by an authorized appraiser. The appraisal must be authorized by the organization receiving the donation and then the appraisal should be forwarded to the Finance Department. The Finance Department will then issue an official receipt.

6. **Meals and Events**

- If an admission cost includes a donation, then that portion of the admission is receiptable, unless the price of admission includes taking part in a lottery or draw for prizes that have more than a nominal value, in which case no part of the admission price can be considered a donation. If a receipt is lost, the City will re-issue a replacement receipt marked “Duplicate Receipt.”

REVIEW AND UPDATES

This policy will be reviewed periodically to ensure its effectiveness and compliance with relevant laws, regulations, and best practices. Updates or revisions to the policy will be incorporated into KMBA's governance practices as necessary.

By adhering to this policy, we uphold the values of integrity, accountability, and transparency within KMBA and demonstrate our commitment to serving the best interests of the organization and its members.

Any questions, concerns, or requests regarding this policy, please contact the President or the Treasurer. We will update this policy periodically to reflect any changes in our practices or legal requirements.