

A guide to tax receipting events



Introduction

Thank you for your interest in hosting an event for Sunnybrook. We are very grateful to our community event organizers for their personal efforts in building a future for better patient care. Your event proceeds will help to meet our vision of saving lives through innovation – when it matters most.

Each year, thousands of patients depend on Sunnybrook Health Sciences Centre for specialized complex and critical care. Thousands more benefit from the results of our hospital's innovative research. Sunnybrook Foundation is dedicated to helping meet the current and future requirements of research, healthcare education and new technology and facilities development that drive the care our health sciences centre provides.

With help from organizers like you, we can achieve our vision of saving lives through innovative treatments and research.

Sunnybrook Foundation is committed to following all rules and regulations regarding tax receipts set out by the **Canada Revenue Agency (CRA)**. This is imperative to protecting our charitable status.

If tax receipts for your participants is a major consideration in the likely success of your event, then please review the tax receipting guidelines before you make any final decisions regarding your event.

Does my event need tax receipts?

It is **your responsibility** to communicate decisions surrounding tax receipts to the participants of the event, so please be sure you and your Sunnybrook event coordinator have discussed your situation in detail and that you are clear about what you can and cannot offer.

A good rule of thumb is, if an individual or corporation is receiving any benefit for their donation or contribution, then a tax receipt is not usually issued. Benefits could include: dinner, alcohol, entertainment, parking, etc.

Ask yourself:

Is receiving a tax receipt important to the people participating in my event?

If the answer is NO, you will be saving yourself and the Foundation many hours of work by deciding not to offer tax receipts. The Foundation would be pleased to provide a thank you letter confirming any gift rather than issuing a tax receipt.

If the answer is YES, then be sure to review the following information about tax receipts and talk with your Sunnybrook event coordinator to confirm your plan.

The Foundation can provide tax receipts only if...

1. The tax receipt is being issued to the person who made the donation OR where the person issuing the cumulative cheque to the Foundation has acted as a donation collector, a completed *Tax Receipt Log* (see number 3) has been provided along with that cheque.
2. The eligible amount of the donation is \$20.00 or greater.
3. You provide a complete and legible list of donors on the *Tax Receipt Log*. Tax receipts will not be issued until the *Tax Receipt Log* has been submitted.

The following information needs to be completed in the Tax Receipt Log:

- first and last name
 - full address, including city and postal code
 - telephone number
 - amount given
 - donor signature
 - list and value of any benefits received for donation (provide the **Fair Market Value** of the benefits NOT the cost)
 - amount tax receipt to be issued for (amount paid less fair market value of benefits received)
4. You have completed an *Event Financial Summary* and have been given approval by an event coordinator from the Foundation. You must discuss your event with your event coordinator and complete an *Event Financial Summary* BEFORE you can make any commitments to your donors/suppliers for tax receipts. The *Event Financial Summary* must be submitted at least 30 days prior to your event.
 5. The donations and a completed *Tax Receipt Log* are received by the Foundation within 60 days AFTER your event.
 6. The rules and regulations additionally outlined for your specific type of event are followed.

Please note: A business acknowledgement letter can be provided to sponsors or other corporate contributors as proof of payment. Most companies prefer to claim contributions as business expenses as there is a greater tax advantage for a business expense than a charitable donation.

Types of giving

Individuals can give in the following ways:

1. Donations:

- If money is given directly to the Foundation, in the form of a cheque or cash donation, then we can issue a charitable receipt to the person who gave the donation.
- The donation must be \$20.00 or greater to receive a tax receipt.
- The full name and address (including postal code) must be submitted.

2. Auction purchases:

If someone purchases an item at an auction, they are receiving something (the purchased item, as well as the opportunity to participate in the auction) for their money and thus a tax receipt will not be issued.

3. Purchase of a ticket or entrance fee to an event (gala, show, sporting event or auction):

The person is receiving something in return for the donation, thus a tax receipt is not usually issued.

The **exception** to this is if the ticket or entrance fee price significantly exceeds the **Fair Market Value** (FMV) of the event. The difference between the ticket price and the benefit should be a minimum 20% of the ticket price or \$20 whichever is higher.

Coordinator of a Fundraiser

It is the CRA's view that where a Coordinator of a Fundraiser collects funds from the general public and pays the amount to a registered charity, the Coordinator would not be the person entitled to a charitable donation receipt. The Coordinator of a Fundraiser appears to be acting as an "Agent" for the persons (donors) whom the funds are collected. The property transferred to the charity is the property of the persons from whom the gifts were collected on the understanding it would be given to a charity. Those persons are entitled to a charitable receipt within the guidelines of charitable tax receipting rules applicable to events.

What is the eligible amount for tax receipts?

The amount that may be receipted is the ticket cost/entry fee minus the aggregate fair market value benefit amount. Please note that in all cases, a receipt cannot be issued if the aggregate benefit amount exceeds 80% of the price paid.

What are benefits?

- any products or services received by the donor
- entertainment
- food and drinks – cost that would be charged if the food and/or drink were purchased separately
- green fees - this would be the green fee charged to non-members playing on the course. Note that if a member of a club is participating in a golf tournament at his/her own club, and would not have to pay for the round, the green fee does not need to be deducted from his/her entry fee to arrive at the donation amount.
- Cart rental – cost of rental
- Door prizes/achievement prizes – The total retail value of the prizes, whether they are door prizes or prizes awarded for achievement, must be aggregated and then divided by the number of participants. The amount per participant, if it exceeds the lesser of 10% of the entry fee and \$75, must then be deducted from everyone's receipt amount.
- any other benefit to the participant.

What is fair market value?

Fair market value is the highest price, expressed in a dollar amount that the property (item) would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent and who are acting independently of each other.

Fair market value does not include taxes, commission, etc.

If the fair market value cannot be established (i.e., what is the value of meeting a celebrity?), then a tax receipt cannot be issued.

Even if a sponsor has paid to cover costs, or has donated or discounted the price of the entertainment, food, etc, the same rule applies and only the price beyond the fair market value would apply for a tax receipt.

For more detail regarding fair market value and determining benefits, please review the [CRA summary policy](#).

The Event Financial Summary Form

This *Event Financial Summary Form* must be completed a minimum of 30 days prior to an event if tax receipts are requested for the event. The form will be reviewed and if approved, tax receipts will be issued.

Please complete the list of all benefits with fair market value to the participants. Please attach support for fair market values listed in order to facilitate approval for tax receipts to be issued.

Name of Event		
Name of Sunnybrook Foundation event coordinator		
Are you planning on conducting an auction at your event? (Y/N)		
A - Per person entry fee(s) <i>If multiple ticket prices apply, please complete a form for each ticket price.</i>		\$ _____ /person
B - Number of participants <i>Provide the expected number of participants</i>		_____ participants
C - Expected revenue through participation/ticket sales <i>Multiply Section A x B</i>	\$ _____	
D - Expected revenue through sponsorship <i>Provide the total of confirmed sponsorship to-date</i>	\$ _____	
E - Expected revenue through additional fundraising <i>Enter total here and attach a list expected revenue through day of fundraising such as silent auction, collection boxes, etc.</i>	\$ _____	
Total expected revenue (C+ D + E)	\$ _____	
Benefits	Fair market value for all participants	Fair market value total divided by section B
Venue rental or green fees <i>Enter fair market value of venue rental or green fees</i>	\$ _____	\$ _____ /person
Cart rentals (if applicable) <i>Enter fair market value of venue rental or green fees</i>	\$ _____	\$ _____ /person
Food and beverage <i>Enter the total food and beverage the participants will receive. If food and beverage is discounted, please list the cost if the food and beverage was purchased external of event.</i>	\$ _____	\$ _____ /person
Entertainment <i>Enter cost of entertainment if purchased external of event</i>	\$ _____	\$ _____ /person
Value of gift bag items <i>Enter total here and attach list and value of all items in the gift bag. This should include any items donated.</i>	\$ _____	\$ _____ /person
Value of any complimentary items provided to all participants <i>List the total value of the complimentary items or door prizes given.. The value of the door prizes and the complimentary items received by a donor will not be viewed as a benefit if it does not exceed the lesser of 10% of the ticket price and \$75. For example, if a \$3,500 trip will be given away as a door prize with 500 guests, list \$3,500 in the first column and \$7 in the second column</i>	\$ _____	\$ _____ /person
Other benefits received by participant (specify)	\$ _____	\$ _____ /person
F - Total benefit <i>Total all benefits listed above.</i>	\$ _____	\$ _____ /person
Eligible tax receipt amount per entry fee - (A - F) <i>Must exceed 20% of entry fee</i>		Tax receipt \$ _____ /person
Name of event organizer:		
Approved <i>All completed forms will be reviewed and if approved, signed by Sunnybrook's Finance team.</i>		

Gifts in-kind for events

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. Sunnybrook will gladly provide the company with a thank you letter acknowledging the gift.

If an individual donates an item, the item needs to be of value to the hospital and the fair market value must be established for the item at the time of donation. This can be done by:

- Getting a purchase invoice or other proof of purchase
- Having an independent third party appraise and value the item at the donor's cost
- Obtaining a current price list for the item from a recognized commercial enterprise operating independently of the donor

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 and the amount revealed in the appraisal.

Tax receipts will not be issued for gifts-in-kind below \$100. A tax receipt cannot be issued for personal services including: legal, entertainment, transportation, or dining services. Approval must be obtained in advance.

Donations of artwork for events

The following documents are required to issue tax receipts for donations of artwork:

- appraisal at donor's expense.
 - The appraisal must be signed by a certified appraiser.
 - One page boiler plate appraisals, e-mailed appraisals, scribbled appraisals, or appraisals written in pencil are not valid.
- a list of credentials for the appraiser
- a history of the artist
- a description, picture and history of the piece of artwork including significant points of reference
- the methodology used to value the artwork
- reference to recent market purchases used to substantiate market value
- proof of the date of acquisition of the artwork and a statement that the artwork was not purchased for purposes of donation

Sunnybrook 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

Corporate contributions

Corporations can give in the following ways:

1. Donations:

- a. If the contributor is a corporation, 100 per cent of the contribution may be deductible as a business promotional expense.
- b. The practice of the Foundation is to issue a letter confirming the value and date of the donation upon payment.
- c. If the corporation receives no benefits (i.e. advertising in a brochure, logo recognition, tickets, etc.) and all other requirements are met, a tax receipt may be issued at the request of the corporation.

2. Sponsorships:

By virtue of being a sponsor, the corporation is receiving benefits in the form of recognition and advertising. A business confirmation letter will be issued which will support their contribution as a business expense.

3. Businesses donating inventory:

The Foundation can provide the donor with a gift-in-kind letter stating the value of the gift. We require backup to validate the value of the item(s).

4. Gift-in-kind donations:

Businesses can deduct the original cost of the inventory as a business expense and not lose the tax benefit associated with the transfer of property. The Foundation will issue a gift-in-kind letter that can be used to verify the write off of the inventory.

5. Donation of Services:

Tax receipts cannot be issued for services provided including: personal, professional, or legal services.

For any additional questions regarding tax receipts for events, please ask your Sunnybrook event coordinator.