

## Accounting for Non-Cash Gifts to an Anglican Church

### What is a Gift?

The general rule is; a gift, for purposes of sections 110.1 and 118.1, is a voluntary transfer of property without valuable consideration. Generally a gift is made if all three of the conditions listed below are satisfied:

- some property - usually cash - is transferred by a donor to a registered charity
- the transfer is voluntary; and
- the transfer is made without expectation of return.

It is important to note that 'some property' must be given. This definition would exclude services that someone has contributed. If the property is not cash this then raises a question of value. This is referred to as a gift in kind. It is necessary to establish a fair market value of the gift. Fair market value generally means the highest price, expressed in a dollar amount, that 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.

There are four basic types of receipts that can be issued, each corresponding to a specific donation type. As described by **CRA Canada** there are two types of non-cash donations, they are (taken from the Treasurers' Manual, Chapter 8):

### Non-cash gift (no advantage)

The donor gives a non-cash gift and neither the donor nor any other person receives anything in return for the gift. For example, the charity receives a non-cash gift of a piece of artwork with an appraised value of \$1,500 and there is no advantage received or receivable by the donor or any other person for the gift. Therefore, the eligible amount of the gift is \$1,500.

### Non-cash gift (with advantage)

In this scenario, the donor (or any other person) receives something in return for the gift. For example, the charity receives a house valued at \$100,000 and the donor receives an advantage of \$20,000 in cash. Therefore, the eligible amount of the gift is \$80,000.

If the amount of the advantage exceeds 80% of the fair market value of the gift, the charity is advised to contact the CRA before issuing a receipt.

Each Charitable Receipt issued must contain the following basic information to be valid.

### For gifts of cash:

A statement that it is an official receipt for income tax purposes; (usually the header title "Official Charitable Receipt for Income Tax purposes" on the receipt which is printed on Parish letterhead.

- the name and address of the charity as on file with the CRA;
- the charity's registration number;
- the serial number of the receipt;
- the place or locality where the receipt was issued;
- the day or year the donation was received;
- the day on which the receipt was issued if it differs from the day of donation;

- the full name and address of the donor;
- the amount of the gift;
- the value and description of any advantage received by the donor;
- the eligible amount of the gift;
- the signature of an individual authorized (Envelope Secretary) by the charity to acknowledge donations; and
- the name and Web site address of the Canada Revenue Agency ([www.cra.gc.ca/charities](http://www.cra.gc.ca/charities)).

### Listed Securities

When donors make an outright gift of listed securities (such as shares, bonds, bills, warrants, debentures, futures, and mutual fund units), they do receive a tax receipt. The donor can, if desired, specify what the gift is to be used for – for example, for a named parish, for a diocesan program or activity, or for future use through the Anglican Church Ministries Foundation (Niagara).

The Diocese of Niagara has an account with the Burlington office of CIBC Wood Gundy to receive gifts of securities. The Sample letter of authorization, which can be sent by the donor’s broker, is below and should be completed for each donation.

### Sample Letter

Attention: \_\_\_\_\_

Letter of Authorization

Please transfer in kind \_\_\_\_\_ shares of \_\_\_\_\_ common stock from my Account \_\_\_\_\_ at \_\_\_\_\_ to The Synod of The Diocese Account 4560182810 at CIBC Wood Gundy.

**This is a donation in kind please do not charge a transfer fee.**

### **CIBC Wood Gundy (receiving Institution information below)**

Account Name: The Synod of the Diocese of Niagara

Account Number: 4560182810

FINS# T079

DTC#5030

Dealer 9280

Investment Advisor: Michael Hendershot - 905-337-5451

CUID WGDB

CIBC Wood Gundy

Euroclear# 10034

277 Lakeshore Road East

Bk of NYC/WGI

Oakville, Ontario L6J 1H9

ABA # 021000018

Fax: 905-337-5448

To facilitate the transfer, donors should inform both Michael Hendershot of CIBC Wood Gundy and Jody Beck of the Diocese of Niagara of their actions and intentions. Their contact information is:

Mr. Michael Hendershot

CIBC Wood Gundy

[Michael.Hendershot@cibc.com](mailto:Michael.Hendershot@cibc.com)

Ms. Jody Beck

Diocese of Niagara

[jody.beck@niagaraanglican.ca](mailto:jody.beck@niagaraanglican.ca)