

HBBC Gift Acceptance Policy and Donor Directed Gifts.

Donations made to the church by individuals are eligible for an official receipt for income tax purposes if they meet certain criteria. The majority of gifts given to churches qualify for an official receipt for income tax purposes; however, there are some situations where entitlement to an official receipt for income tax purposes may come into question.

Designated Gifts

In general terms, the church will issue an official receipt for income tax purposes to the donor if the church has exclusive control over the gift given. For example, through its budget a church indicates the programs that will be undertaken during the year to fulfill its stated charitable purpose, then, gifts received for those programs are eligible for an official receipt for income tax purposes. This includes Qualified Donees.

What is a gift to a qualified donee?

A gift to a qualified donee is a transfer of money or any other property to a qualified donee, without consideration. Under the *Income Tax Act*, qualified donees are organizations that can issue official donation receipts for gifts that individuals and corporations make to them. An example of a qualified donee is another registered Canadian charity.

If, on the other hand, an individual makes a gift to a church to assist a specific individual, program, or service not previously approved by the church, the church would not be considered to have received the gift for its charitable purposes and should not issue an official receipt for income tax purposes for the gift.

Guideline for Church counters.

Identify any designations and make sure they are duly noted. If there is a designation to a person or group that is not church or board approved, separate this gift from the rest and **DO NOT DEPOSIT IT**. The reason is that depositing the cheque indicates approval of the project or designation and this needs church or board approval. Once the cheque has been deposited it cannot be returned to the giver. In this scenario, the tellers should put the donation in an envelope with an explanation and give it to the church chairman. The Chairman will then discuss it with the board and a decision will be made as to how to handle it, which may involve returning it to the donor. This should be communicated to the donor on a timely basis.

Gifts-in-kind

If the fair market value of a gift is \$1,000 or less, a qualified staff member of the registered charity receiving the gift can appraise the gift. If the fair market value is more than \$1,000, the Charities Directorate strongly recommends that the property be appraised by someone who is not associated with either the donor or the charity receiving the gift (*i.e.*, a third party). The person who determines the fair market value of the property must be competent and qualified to evaluate the particular property being transferred by way of a gift.

HBBC approved designated items and Qualified Donees

Baptist General Conf. of Canada
Crisis Pregnancy Centre
Nanaimo Lighthouse Ministries
Island Crisis Care

B.C. Baptist Conference
Salvation Army
ISMC- Paul Workentine
Daily Bread

BBQ/luncheon Giving
Church Facility/Grounds
Youth Fundraising
Any Budget items

Missions
Mortgage Reduction
Offering Envelopes