



Water Polo Canada

CANADIAN WATER POLO ASSOCIATION INC. DONATIONS AND CHARITABLE RECEIPT POLICY

Policy Title: Donations and Charitable Tax Receipt Policy

Responsible Committee: Audit and Finance Committee

1. Policy Statement

The Canadian Water Polo Association Inc., operating as Water Polo Canada (“WPC”) is a Registered Canadian Amateur Athletic Association (“RCAAA”) – (Charity No. 125402420 RR0001) and as such can issue income tax receipts for charitable donations, provided the requirements established by the Canada Revenue Agency (“CRA”) are satisfied.

WPC welcomes donations that will help further its mission to grow the sport in Canada and assist those participating to achieve their full potential. This policy aims to ensure that WPC benefits from its status as an RCAAA while respecting and complying with the requirements of the CRA to protect this privileged status.

2. Policy

- Donations are gifts - a voluntary transfer of property to a charity. The transfer should carry no expectation of benefit to the donor or anyone designated by the donor. Contributions of services (time, skills, effort) are not considered property and do not qualify as gifts.
- WPC seeks and may accept gifts in the form of cash or *Non-cash gifts*¹.
- Where appropriate, before acceptance, relevant information about the gift shall be ascertained, including a copy of (where appropriate/required) an appraisal secured by the donor. WPC reserves the right to secure and rely on its appraisal. Refer to appraisal guidelines below.
- A receipt will be issued and sent to the donor per the Income Tax Act (Canada) requirements and CRA guidelines (See Appendix B) within 30 days of the receipt of funds.
- The *fair market value*² (“FMV”) of any advantage a donor may receive shall be accounted for when determining the eligible gift amount for receipting purposes.
- Donations can be directed to particular programs of WPC, provided that no benefit accrues to the donor or any person connected to the donor, and WPC decides how to use the gift.

¹ Non-Cash Gifts are gifts of property. They cover items such as gift certificates and gift cards (in certain circumstances), artwork, equipment, securities, and cultural and ecological property. A contribution of service, that is, of time, skills or efforts, is not property and, therefore, does not qualify as a gift or non-cash gift for purposes of issuing official donation receipts.

² The FMV value is usually the highest dollar value you can get for your property in an open and unrestricted market and between a willing buyer and a willing seller who are knowledgeable, informed, and acting independently of each other.

- Donors may indicate an intention that their donation be used for a purpose or program related to the national objectives and mission of WPC. WPC will make every effort to meet this intent but has sole discretion in the use of donated funds.
- A gift to WPC must be made without any implied or express condition or understanding that it be transferred to a club, provincial sport organization (“**PSO**”), athlete or other named beneficiary. WPC will not lend its registration number to a member club or PSO or delegate the issuance of the receipt to these organizations. (See note below³)
- In the event funds are provided by WPC to an individual or organization - WPC may require, as a condition of providing funds, such records and accounting from the individual or organization as it deems appropriate.
- In cases where acceptance of the gift imposes a financial obligation on WPC, or FMV evaluations are required to issue a receipt or determine future values, the gift will not be accepted without prior approval by the President.
- WPC has the option to convert all non-cash donations to cash.
- WPC adheres to a Professional Code of Ethics (see Appendix A: Donor Bill of Rights).
- WPC’s legal name and charitable registration number will be used in all solicitations to identify the agency with the Charities Directorate of the CRA.
- All records about donation amounts will be kept confidential. Any requests for anonymity will be respected.

3. Declining a Gift

At times, WPC may choose to decline a gift at its sole discretion. The following conditions are examples where such an action would be justified:

- The gift constitutes a *non-gift*⁴ as per CRA;

³ WPC clubs and PSOs may facilitate the issuance of charitable tax receipts to donors through the National Sport Trust Fund: <http://www.ccpstf.org/services.html> or, in Quebec: <https://www.sportsquebec.com/fonds-sports-quebec>.

⁴ Non-Gift - The following transactions generally do not qualify as gifts:

- gifts of services (for example, donated time, labour);
- gift certificates that the issuer donated (may qualify under specific circumstances as per CRA);
- a non-cash gift for which the FMV cannot be determined;
- gifts provided in exchange for advertising or sponsorship;
- a gift that gives the donor an advantage whose FMV is more than 80% of the value of the gift;
- a payment for a lottery ticket or other chance to win a prize;
- a court-ordered donation to a qualified donee;
- the admission fee to an event or program;
- membership fees that give the donor an advantage that is more than 80% of the value of the membership (for example, the right to attend events, receive literature, or services);
- a payment to cover a child’s adoption fees;
- the purchase of goods or services from a qualified donee;
- pledges;
- a loan of property;
- the use of a timeshare; and
- the lease of premises.

- The gift may have elements that are contrary to the objectives, values and goals of WPC;
- The gift could financially or morally jeopardize WPC;
- The gift or terms of the gift are illegal;
- WPC is unable to honour the terms of the gift;
- An appropriate FMV cannot be determined, or will result in unwarranted or unmanageable expense to WPC;
- There are physical or environmental hazards to WPC in accepting the offered gift;
- The gift should bear liens, caveats that result in unmanageable expense to WPC;
- The gift could jeopardize WPC's RCAA status. The following is an example of a gift that would generate concern that CRA criteria are not being met and would be unlikely to receive a tax receipt:
 - *a donation directed to a club camp where a relative of the donor is one of 10 to 15 athletes participating (especially if the relative then received a reduction in the camp fee).*
- The gift could be part of a *tax shelter gifting arrangement*⁵ as contemplated by the CRA;
- The gift could otherwise improperly benefit any individual; or,
- There are conditions attached to the gift or an understanding sought by the donor, which are unacceptable to WPC.

The advice of a lawyer and/or other appropriate professional counsel will be sought when necessary to ensure compliance with existing legislation and applicable regulations.

4. Appraisal Guidelines – FMV

CRA requires satisfactory evidence of FMV of gifts. Generally, the FMV is the highest price, expressed in dollars, that property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, prudent, and acting independently of each other.

WPC will deduct the FMV of any advantage from the FMV of gifts to determine the eligible amount of any gift for receipting purposes. When the FMV of either a non-cash gift or an advantage cannot be determined at the time of donation, an official donation receipt cannot be issued.

WPC will seek an independent appraisal from a third-party professional valuation specialist to determine the value for receipt purposes for gifts whose value is thought to be over \$1,000 and whenever else is necessary. Where property is appraised, the name and address of the appraiser will be included on the official donation receipt (See Appendix B).

5. Other

(a) Publicly Traded Securities

Securities of publicly traded companies that are registered for trade at a securities exchange in Canada or

⁵ A tax shelter exists when there is a gifting arrangement whose statements or representations indicate that if the taxpayer were to enter into such arrangement, the taxpayer would receive a tax benefit equal to, or in excess of, the amount of the taxpayer's donation. This can be referred to as "profitable gifting."

the United States are gratefully accepted. Donations will be reviewed prior to acceptance to determine that there are no restrictions that would prevent WPC from converting the security to cash and that accepting or holding the security will not generate any unacceptable cost or liability for WPC.

If the donated securities are listed on a designated stock exchange (one that is publicly traded), WPC will issue an official donation receipt for the FMV of the gift on the date it was donated. If the securities are not listed on a designated stock exchange, the deemed fair market value rules will apply. The date a security is donated is the date the transfer of ownership takes place.

(b) Bequests

A bequest is a provision by Will directing assets from an estate to WPC. Bequests are eligible for a tax receipt when WPC actually receives the bequest. The procedures followed are determined by the underlying nature of the donation (e.g., cash or non-cash).

Donors are advised to consult a lawyer, notary or estate planner before executing a Will providing for a bequest. Upon request, WPC will review a draft of the relevant section of a Will to ensure that the bequest is appropriately designated and can be used in accordance with the donor's intentions and that the proper legal title for the organization is used.

(c) Life Insurance

A Donor may donate a new or existing life insurance policy by designating WPC as the owner and beneficiary of a policy; or a beneficiary of the policy.

When WPC is named owner and beneficiary of a policy, the valuation for tax receipt purposes is based on the net cash surrender value - at the time of transfer. Tax receipts are also issued for the value of any future premiums paid. WPC will usually retain the policy for the donor's life and receive the proceeds upon the donor's death.

When WPC is the beneficiary (not owner) of a policy, WPC may be named as the primary beneficiary, co-beneficiary with another individual or charity using a percentage split, or a secondary or contingent beneficiary should the primary beneficiary predecease the policyholder. Since the designation can be revocable, the donation is not immediately eligible for a tax receipt.

6. Information to Donors

- All communication with donors and potential donors will include a statement outlining the purpose of the fundraising appeal, as well as sufficient information to facilitate further inquiries about WPC.
- Where appeals for funds are made for general use, fundraising solicitations will clearly identify examples of WPC's work.
- WPC's legal name and charitable registration number will be used in all solicitations to identify the agency with the Charities Directorate of the CRA.

7. Bookkeeping and Donor Records

In accordance with the Income Tax Act and CRA guidelines, WPC will minimally maintain books and records as follows:

- Copies of official donation receipts (other than for 10-year gifts) will be kept for a minimum of two years from the end of the calendar year in which the donations were made.

- For as long as WPC is registered as an RCAA and for a minimum of two years after the date of registration of WPC is withdrawn, WPC will keep all:
 - Records of 10-year gifts
 - Minutes of meetings of the Directors/trustees/executives
 - Minutes of meetings of the Members
 - Governing documents and bylaws relating to the charity
- For six years from the end of the last tax year to which they relate, while WPC is registered as an RCAA, and for two years after the date the registration is withdrawn, WPC will keep all:
 - General ledgers or other books of final entry containing summaries of year-to-year transactions and the accounts necessary to verify the entries
 - Financial statements, source documents and copies of annual information returns (T3010 forms)

To use and safeguard donor information, the following will be adhered to:

- WPC will seek and record only information that is relevant to its fundraising efforts.
- WPC will be truthful with regard to the identity of the agency and the purpose of all fundraising efforts.
- Confidential information pertaining to donors or prospective donors will be scrupulously protected, so that the relationship of trust between the donor and WPC is upheld.
- WPC will record all data accurately. Such information must be verifiable or attributable to its source.
- The collection and use of information will be done lawfully.

8. Languages

This Policy will be provided by WPC in both official languages of Canada. In the event there is a conflict with a translated version, the English language version shall govern.

APPENDIX A

A DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Developed by:

American Association of Fund Raising Counsel (AAFRC), Council for Advancement and Support of Education (CASE), Association for Healthcare Philanthropy (AHP), Association of Fundraising Professionals (AFP)

APPENDIX B

WATER POLO CANADA – OFFICIAL DONATION RECEIPTS

Charitable tax receipts will be issued in accordance with CRA requirements, as follows:

- Receipts for cash gifts will have the following:
 - a statement that it is an official receipt for income tax purposes
 - the name and address of the charity as on file with the Canada Revenue Agency (CRA)
 - a unique serial number
 - the registration number issued by the CRA
 - the location where the receipt was issued (city, town, municipality)
 - the date or year the gift was received
 - the date the receipt was issued
 - the full name, including middle initial, and address of the donor
 - the amount of the gift
 - the amount and description of any *advantage*⁶ received by the donor
 - the *eligible amount of the gift*⁷
 - the signature of an individual authorized by the charity to acknowledge gifts
 - the name and website address of the CRA

- Receipts for a non-cash gift will be based on its *FMV* at the time the gift was made and, will also include:
 - the date the gift was received (if not already included)
 - a brief description of the gift received by the charity
 - the name and address of the appraiser (if the gift was appraised)

Canada Revenue Agency - Details and Sample Receipts:

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/sample-official-donation-receipts.html>

⁶ Advantage - An advantage is the total value, at the time the gift is made, of all property, services, compensation, or other benefits that a person is entitled to receive in relation to the gift. The advantage may be conditional or receivable in the future, either by the donor or a person or partnership not dealing at arm's length with the donor. An advantage also includes any limited-recourse debt relating to the gift at the time it was made. However, the calculation of an advantage does not include taxes such as GST, PST, HST, or gratuities.

⁷ Eligible Amount of the Gift - This is the amount by which the FMV of the gifted property exceeds the amount of any advantage received or receivable as a result of the gift. This is the amount for which WPC can issue a receipt.