

Part: **Public Money and Property**
 Section: **Receipt, Deposit and Control of Public Money**
 Subsection: **Control of Public Money**
 Policy: **Receipt of Donations**

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Receipt of Donations

- Objective** *The objective is to ensure that donations are handled appropriately and consistently.*
- Authority** *The Financial Administration Act, 1993, clauses 5(a) and 5(e), subsection 10(2) and section 22*
- Applicability** This policy applies to the General Revenue Fund (GRF), and special purpose funds and trust money that are administered by ministries. See [Appendix C Public Money](#).
- Definition** **Donations** are any moneys, real estate or other types of assets acquired through gift, donation, bequest or contribution. Non-monetary donations involve property other than cash.
- Treasury Board Policy**
- .01 Donations are only to be accepted if permitted by legislation governing the ministry or fund. Any conditions attached to a donation must comply with that legislation.
 - .02 Before accepting a non-monetary donation, the permanent head must approve the appropriateness of the donation.
 - .03 If a tax receipt is requested for the non-monetary donation, the donor is responsible for obtaining an independent expert valuation on the value of the donation.
 - .04 When a donor requests an income tax receipt for a non-monetary donation valued at over \$100,000, approval from the Deputy Minister of Finance is required.
 - .05 The donor should be formally acknowledged for the donation by a senior official of the ministry. A tax receipt can be issued if the donation meets the requirements of the Canada Revenue Agency.
- Provincial Comptroller Directives**
- .06 Donations to the Crown belong to the GRF. The enabling legislation for other funds or organizations may provide authority for accepting donations other than to the Crown.
- Donor's Conditions**
- .07 Ministries have the legal authority to accept donations and issue tax receipts on behalf of the Province. However, if the donor imposes conditions on the donation (e.g., that the

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donation be used for a particular purpose), the ministry may be unable to accept the donation and issue a tax receipt.

- .08 If this occurs, alternate methods for executing the donation should be explored (e.g., suggesting that the donor redirect the donation to a particular fund other than the GRF or to a government organization).
- .09 If the donor specifies certain conditions for the use of the donation, the ministry must ensure proper authority exists to carry out all conditions.
- .10 For non-monetary donations, the ministry should not accept conditions imposed by the donor. Non-monetary donations are assets of the Province and can be utilized or sold as the Province sees fit. No conditions that restrict this should be accepted.
- .11 Monetary donations to the Crown are deposited as revenue of the GRF unless the necessary authority exists to deposit them to another government fund. Conditions attached to monetary donations deposited to the GRF can only be honoured to the extent that an appropriation exists.
- .12 For non-monetary and monetary donations to other government funds, conditions must be acceptable under the enabling legislation.
- .13 If there are no legal impediments to accepting a conditional donation, the ministry should ensure that:
 - the costs of complying with the conditions are modest relative to the size of the donation; and
 - there are no ambiguities in the conditions (this is normally achieved through a written agreement with the donor).
- Canada Revenue Agency** .14 Canada Revenue Agency (CRA) prohibits the issuance of tax receipts when the conditions of the donor confer a benefit on the donor or a non-arm’s length party.
- .15 CRA advice states the following, which applies to the Crown:

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“A donor can ask that their gift be used in a particular program of the qualified donee as long as there is no benefit to the donor or anyone not at arm's length to the donor. The qualified donee must be able to use the gift within the particular program as it sees fit. If the donor retains control, the donation is no longer considered a gift at law and a receipt cannot be issued.”

.16 For example, a donor may request that a cash donation be used for highway maintenance. CRA views this as a reasonable request and a tax receipt can be issued. However, if the donor requests that the donation be used to repair a specific section of highway, the donor would not be eligible for a tax receipt because the donor is instructing the Government on how to utilize the donation within a program.

Non-Monetary Donations .17 The valuation of a non-monetary donation is important because it determines the amount of the tax benefit for the donor. Thus, the value should be determined by an unbiased source. In cases where the donation is property, which has been recently purchased and immediately donated, the purchase price is usually acceptable as the fair market value of the item. If the item has not been recently purchased, it is the responsibility of the donor to arrange and pay for an independent expert valuation of the property donated.

.18 For all non-monetary donations, the approval of the permanent head is required with respect to the appropriateness of the donation. Only non-monetary donations that benefit the Government should be accepted.

.19 Even though a government ministry may issue an income tax receipt for a donation to the Crown, prospective donors should be advised that they are responsible for obtaining advice on their particular tax situation.

Tax Receipt Information .20 The [CRA website](#) contains detailed information on topics related to issuing receipts (e.g., what you need to know to issue an official donation receipt; determining fair market value of non-cash gifts). Ministries should read and understand this information as CRA has specific requirements relating to issuing receipts. For example, CRA outlines situations where receipts cannot be issued (e.g., gifts of service, court ordered donations; a non-cash gift for which the fair market value

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cannot be determined).

If there is uncertainty whether a tax receipt may be issued in a specific situation, CRA – Charities Directorate should be consulted.

- .21 CRA specifies that the following information must be on an official income tax receipt:

For gifts of cash:

- a statement that it is an official receipt for income tax purposes; the name and address of the qualified donee (*the Government of Saskatchewan is a qualified donee*);
- a unique serial number;
- the locality where the receipt was issued (city, town, municipality);
- the date 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 received by the donor;
- the eligible amount of the gift;
- the signature of an individual authorized by the qualified donee to acknowledge donations; and
- the name and website address of the CRA.

For non-cash gifts, these additional elements:

- a brief description of the gift received by the qualified donee;
- the name and address of the appraiser (if the gift was appraised); and
- the fair market value of the property at the time the gift was made.

- .22 All income tax receipts are to bear the signature of either the permanent head or two persons authorized in writing by the permanent head.
- .23 Ministries issue official receipts based on whether the donation is Cash or Non-Cash. Ministries must retain copies of receipts in accordance with CRA requirements.

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- .24 Ministries must maintain adequate internal controls, such as:
- limit the number of individuals authorized to sign income tax receipts (to strengthen internal control, consider restricting receipt signers to the Corporate Services Head along with one of a select group of other Corporate Services employees);
 - implement segregation of duties (e.g., assign responsibility for issuing receipts and banking duties to different persons);
 - issue serial numbers on receipts in sequential order to help track receipts;
 - control the assignment of serial numbers and keep copies of receipts in a safe and secure place;
 - maintain adequate records, and account for issued receipts;
 - regularly review the delegation for receipting.

.25 A copy of each tax receipt issued for large donations over \$100,000 is to be forwarded to the Provincial Comptroller.

.26 CRA requires that documentation relating to donations be retained for two years.

Letter of Appreciation

.27 The donor should be formally acknowledged for the donation by a senior official. It may be appropriate for the minister to send a [Letter of Appreciation for Donations](#).

Accounting

.28 Monetary donations to the GRF are to be treated as revenue. The use of monetary donations results in an expense. Non-monetary donations to the GRF may give rise to an accounting entry. Refer to the [Accounting Manual, Section 1300 Tangible Capital Assets](#) and [Section 1310 Inventories Held for Consumption](#).

.29 For other funds, ministries should consult the Chartered Professional Accountants Canada (CPA Canada) Handbook for guidance.

References

- [3020 Suspense Accounts and Conditional Receipts](#)
- [3500 Control of Public Money](#)
- [3505 Receipt and Control of Public Money](#)
- [3510 Minor Errors in Remittances](#)
- [3515 NSF Cheques](#)

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[3520 Credit and Debit Card Receipts](#)

[Accounting Manual, Section 1300 Tangible Capital Assets](#)

[Accounting Manual, Section 1310 Inventories Held for Consumption](#)

[CRA P113 Gifts and Income Tax](#)

CRA “[What is a gift](#)”

CPA Canada Handbook

Website:

Canada Revenue Agency

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts.html>